

**The impact of government housing subsidies in Alexandra-Gauteng:
1995-2012**

by

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DECLARATION

I, Edwin Ntwampe Mokgwatsana, student number 7685041, declare that the content of this Thesis is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Signature

Date

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In the first instance, I wish to thank God for giving strength and perseverance to complete this thesis. There were times that were indications both administratively and financially that the study was likely not to be finished; but the Will of the Almighty proved otherwise.

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LIST OF ACRONYMS

ACR	-	Alexandra Concerned Residents
AG	-	Auditor General
ANC	-	African National Congress
ARP	-	Alexandra Renewal Project
BNG	-	Breaking New Ground
CAPI	-	Computer Aided Personal Interview
CSIR	-	Council for Scientific and Industrial Research
CIER	-	Centre for Integrative Environmental Research
DA	-	Democratic Alliance
DEAT	-	Department of Environment Affairs and Tourism
DHS	-	Department of Human Settlements
EPI	-	Expanded Programme on Innovation
EPWP	-	Expanded Public Works Programme
FLISP	-	Finance Linked Individual Subsidy Programme
GCIS	-	Government Communication and Information System
GEAR	-	Growth Employment and Distribution
GFI	-	Gross Fixed Investment
GNP	-	Gross National Product
HBC	-	House Building Committee
HSS	-	Housing Subsidy System
HSDG	-	Human Settlements Development Grant
ICESCR	-	International Covenant on Economic Social and Cultural Rights
IDP	-	Integrated Development Plan
IDT	-	Integrated Development Trust
LED	-	Local Economic Development
MEC	-	Member of Executive Committee
NDP	-	National Development Plan
NHD	-	National Housing Code
NHSDS	-	National Housing Subsidy Database
NP	-	National Party

PSC -	Public Service Commission
PSM -	Propensity Score Matching
RSA -	Republic of South Africa
RDP -	Reconstruction and Development Plan
SACN -	South African Cities Network
SAIRR	South African Institute of Race Relations
SAPA -	South African Press Association
SHRA -	Social Housing Regulatory Authority
TTTRS	Takaaful T&T Friendly Society
WHO -	World Health Organization

ABSTRACT

The purpose of the study was to investigate and examine the impact of the government housing subsidies in Alexandra, Gauteng, in terms of improving the socio-economic conditions of poor people. The ANC government promised to change the material conditions of people by among other things eliminating poverty when it ascended to power. Access to adequate housing is regarded as a fundamental right in terms of the prescripts of the South African constitution. By implication the government has a developmental duty to provide housing to eligible citizens.

A policy decision by government in 1995 to provide housing subsidies to poor households, particularly those earning between R0-3500 rand provided a significant catalyst in the objective to improve the socio-economic conditions of poor people. That is why the study was conducted in the Alexandra Township, given the proximity of the area to affluent suburbs such as Sandton. This also provided a perfect case study to measure the effectiveness of the housing subsidy system and how the system has been managed to maximise the housing delivery impact in terms of outcomes.

In terms of research findings, the expectation was that delivery of low cost housing using government subsidies should not have experienced problems on housing delivery backlogs and administrative blockages. The research results revealed that the failure to quickly improve the socio-economic conditions of poor people through providing adequate housing and creating a progressive environment to create and access job opportunities has exacerbated the state of poverty, which perpetuates dependency on state assistance. The research findings further showed that there is no conclusive evidence that many if not all beneficiaries were using their subsidised house as an asset in terms of leveraging it to improve their financial position; and that there is still a high level of dependency on government for assistance even on maintenance of these units, especially after taking ownership. This has exposed a grave lack of knowledge or information on the side of beneficiaries on how to utilise the house as an asset in order to be progressive as far as improving social and economic conditions. The overall research results demonstrated that

the existing low cost housing funding model (in Gauteng) is not sustainable in terms of delivering subsidised housing units; and significantly improving the quality of life and standard of living of poor people. In terms of limitations, the study took to account that the new government needed enough time to translate policy into concrete implementable ideas as far as housing was concerned, hence the period of study was from 1995 to 2012.

This study is important because its findings contribute knowledge in the field of Public Administration and housing literature; and also assists the Department of Human Settlements (DHS) to explore recommended solutions to improve the Housing Subsidy System. Most importantly, the study provides valuable data relating to the impact of government housing subsidies, including challenges on housing allocations and subsidies management.

The study concludes with recommendations on what an effective government subsidy programme should look like. This provides an opportunity to review the entire government subsidy system, as recommended in the National Development Plan (NDP) 2030 vision. The government of the day needs to urgently review the existing grant and subsidy regime for housing with a view to ensuring diversity in product and finance options that allows for more household choice and greater spatial mix and flexibility. Moreover, government should ensure that state funding does not support the further provision of non-strategic housing investments in poorly located areas.

TABLE OF CONTENTS

DECLARATION	i
ACKNOWLEDGEMENTS	ii
LIST OF ACRONYMS	iii
ABSTRACT	v

CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE STUDY

1.1	INTRODUCTION	1
1.2	BACKGROUND AND RATIONALE	6
1.3	RESEARCH PROBLEM STATEMENT	11
1.3.1	Research Question	11
1.4	MOTIVATION	12
1.5	RESEARCH OBJECTIVES	13
1.6	RESEARCH SCOPE AND LIMITATIONS	13
1.7	THE SIGNIFICANCE OF THE STUDY	14
1.8	DEFINITION OF TERMINOLOGY	14
1.9	OUTLINE OF THE STUDY	19
1.10	SUMMARY	21

CHAPTER TWO: LITERATURE REVIEW

2.1	INTRODUCTION	22
2.1.1	Fundamental Principles of Housing Policy development and Implementation	24
2.1.2	Meaning of Government Subsidised Housing	25
2.1.3	The Effectiveness of Government Housing Subsidies to Address Housing Needs	26
2.1.4	Economic Justification for Housing Subsidies	28
2.1.5	Government's Approach to the Housing Challenge	29
2.2.	INSTITUTIONAL ENVIRONMENT IN HOUSING DELIVERY	30

2.3	THE HOUSING SUBSIDY PROGRAMME IN SOUTH AFRICA	36
2.3.1	Housing Backlog	37
2.3.2	Housing and Human Rights	38
2.3.3	Undersupply of Housing to meet Demand	39
2.4	The Effects of Inadequate Housing.....	41
2.5	THE RELATIONSHIP BETWEEN HOUSING AND POVERTY IN SOUTH AFRICAN HOUSING POLICY	42
2.5.1	The Housing Subsidy-The Main Instrument to Address Legacy of Poverty and Inequality.....	46
2.5.2	The Notion of the Housing Asset.....	48
2.6	THE IMPACT OF HOUSING SUBSIDIES IN IMPROVING LIVES OF BENEFICIEARIES	51
2.6.1	Housing Indicators Related to Quality of Life	52
2.6.2	Good Housing-Better Health.....	54
2.7	BREAKING NEW GROUND: A COMPREHENSIVE PLAN FOR THE DEVELOPMENT OF SUSTAINABLE HUMAN SETTLEMENTS IN SOUTH AFRICA	56
2.7.1	Developing Quality Life-Enhancing Environments	57
2.7.2	Supporting Sustainable Livelihoods.....	58
2.7.3	Sustainable Communities.....	59
2.7.4	Involving Communities Meaningfully	61
2.7.5	Availability and Satisfaction of Sufficient Space in the Dwelling	61
2.8	HOUSING FINANCE	64
2.8.1	Funding Issues and Subsidy Schemes	65
2.9	THE HOUSING SUBSIDY SYSTEM	68
2.9.1	Housing Subsidy Administration Process	69
2.9.2	Good Governance in Administering Housing Subsidies.....	70
2.10	THE CURRENT SUBSIDY STRUCTURE	71
2.10.1	Challenges and Issues with the Current Subsidy Structure	71
2.11	THINKING OF THE POOR IN HOUSING DELIVERY.....	74
2.11.1	The Accountability Dilemma.....	75

2.11.2	Government Subsidy “Dependency Syndrome”	76
2.12	SUMMARY	77

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1	INTRODUCTION	78
3.2	RESEARCH DESIGN	80
3.3	METHODOLOGY	81
3.3.1	Data collection method and techniques	82
3.3.2	Sampling.....	82
3.4	ANALYSIS SAMPLE	83
3.5	DESCRIPTION OF DATA	84
3.6	RELIABILITY AND VALIDITY OF THE RESEARCH.....	84
3.6.1	Reliability of the Research.....	85
3.6.2	Validity of the Research Instruments	85
3.7	ETHICAL CONSIDERATIONS	85
3.8	SUMMARY	86

CHAPTER FOUR: ALEXANDRA TOWNSHIP – A CASE STUDY

4.1	INTRODUCTION	87
4.2	THE HISTORY OF ALEXANDRA	90
4.2.1	Forced Removals	92
4.2.2	Job Creation	98
4.2.3	Innovative Solutions	100
4.3	KEY LESSONS-HOUSING DEVELOPMENT IN ALEXANDRA	102
4.4	THE FUNDING MODEL FOR LOW COST HOUSING IN ALEXANDRA TOWNSHIP	105
4.5	HOUSING CHALLENGES	105
4.6	HOUSING DEMAND IN ALEXANDRA.....	106
4.7	UNEMPLOYMENT, POVERTY, INEQUALITIES	106

4.8	SUMMARY	107
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CHAPTER FIVE: HOUSING SECTOR PERFORMANCE SINCE 1995

5.1	INTRODUCTION	108
5.2	SOUTH AFRICA'S HOUSING OUTCOME	109
5.2.1	Effectively Functioning Housing Markets	109
5.2.1.1	Unavailability of Land	112
5.2.1.2	Informal Settlements	112
5.2.2	Housing Analysis per Census 2011	114
5.2.3	Factors That Affect the Housing Market.....	115
5.2.3.1	Economic Growth.....	115
5.2.3.2	Unemployment	116
5.2.3.3	Interest Rates	116
5.3	GOVERNMENT'S ECONOMIC POLICIES	117
5.4	EXPENDITURE ON HOUSING SUBSIDIES COUNTRYWIDE	119
5.4.1	Progressive Government Budgets	121
5.4.2	The Housing Subsidy Programme in Perspective	122
5.5	POLICY SHIFT FROM HOUSING TO HUMAN SETTLEMENTS	124
5.5.1	Social Mobility in the South African Context.....	126
5.5.2	Targeted Application of the Housing Subsidy	139
5.5.3	Problems with Providing Fully Subsidised Housing	131
5.6	SUMMARY	133

CHAPTER SIX: DATA ANALYSIS AND FINDINGS OF THE STUDY

6.1	INTRODUCTION	134
6.2	STATISTICAL MATCHING TO CREATE COMPARISON GROUPS	134
6.3	SUCCESS OF STATISTICAL MATCHING	136
6.4	KEY RESEARCH FINDINGS.....	140
6.5	SUMMARY	153

CHAPTER SEVEN: DISCUSSION

7.1	INTRODUCTION	154
7.2	KEY ARGUMENTS	155
7.3	POVERTY AS KEY DRIVER FOR GOVERNMENT SUBSIDIES	156
7.4	EFFICACY OF GOVERNMENT HOUSING SUBSIDIES	158
7.5	SUMMARY	159

CHAPTER EIGHT: CONCLUSIONS AND RECOMMENDATIONS

8.1	CONCLUSION	160
8.2	PERCEPTIONS: HOUSING BENEFICIARIES IN THE ALEXANDRA TOWNSHIP	162
8.3	AFFORDABILITY AND SUSTAINABILITY OF GOVERNMENT HOUSING SUBSIDIES	162
8.4	ALTERNATIVE TO GOVERNMENT SUBSIDIES	164
8.5	RECOMMENDATIONS FOR FURTHER IMPROVEMENT	165
8.5.1	Redefining Existing Declining Towns in Gauteng	169
8.5.2	Eliminate Inefficiencies in Government Administration	169
8.5.3	Strengthen the Enforcement of Local Planning	170
8.5.4	Creating Viable Partnerships with the Private Sector, NGO's and Communities	170
8.5.5	Create a Social Housing Building Trust-Fund	171
	LIST OF SOURCES	172

LIST OF TABLES AND FIGURES

Table 1.1: Housing backlogs.....	9
Table 2.1: Existing formal housing delivery methods and associated funding Mechanisms utilised by National, Provincial and Local Governments	32
Table 2.2: Existing informal housing delivery methods and associated funding Mechanisms	53
Table 5.1: Type of dwelling (proportions) by municipality in Gauteng -2017	113
Table 5.2: Distribution of households by province censuses, 2001, 2011 and Community survey 2017	114
Table 5.3: Actual expenditure outcome for 2002/03 for SA housing subsidy grant	120
Table 5.4: Profile of housing in South Africa (SA)	130
Table 6.1: Standard level difference	139
Table 6.2: Are you receiving a government grant.....	150
Figure 2.1: Housing subsidies coverage	27
Figure 2.2: Illustration of subsidy beneficiaries- two broad categories.....	44
Figure 2.3: Illustration of poor access to affordable housing.....	49
Figure 2.4: Current housing finance arrangement	66
Figure 2.5: Subsidised house as an asset	72
Figure 4.1: Key indicators and observations.....	89
Figure 4.2: Uncoordinated housing development	102
Figure 5.1: Obstacles to the delivery of housing	111
Figure 5.2: House price incomes	116
Figure 5.3: Generational social mobility relative to housing attainment	128
Figure 6.1: Employment status on subsidy application.....	141
Figure 6.2: Means of income earning as RDP house recipient	142
Figure 6.3: Incitement to pay money to receive a RDP house	143
Figure 6.4: Level of satisfaction with RDP house	145
Figure 6.5: Previous dwelling	145

Figure 6.6: Confirmation of previous dwelling state	146
Figure 6.7: Comparison on previous dwelling and current house	146
Figure 6.8: Change in living conditions after benefiting a subsidised house	147
Figure 6.9: Living arrangements in a house	148
Figure 6.10: Marital status when applying for a housing subsidy.....	148
Figure 6.11: Spouse employment status.....	149
Figure 6.12: Recipient of government grant	149
Figure 6.13: Disability status	150
Figure 6.14: Pensioner status	151
Figure 6.15: Children still attending school.....	152
Figure 6.16: Living with persons over 21 years old	152
Figure 8.1: Community Participation Activism (CPA).....	168

ANNEXURES

Annexure 'A': Research questionnaire	188
Annexure 'B': Ethics clearance approval	193
Annexure 'C': Gauteng province request to conduct research-approval	194
Annexure 'D': Alexandra Renewal Project request to conduct research-approval	195
Annexure 'E': City of Johannesburg permission to conduct research	196
Annexure 'F': Editing and proofreading certificate	197

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

Section 2(1) of the Housing Act (Act No.107 of 1997) stipulates that all spheres of government must give priority to the needs of the poor in respect of housing development and consult meaningfully with individuals and communities affected by housing development.

Tissington and Royston (2011) define housing development as follows:

the establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities in which all citizens and permanent residents of the Republic will, on a progressive basis, have access to- (a) permanent residential structures with secure tenure, ensuring internal and external privacy and providing adequate protection against the elements; and (b) potable water, adequate sanitary facilities and domestic energy supply .

The study is anchored to the Maslow's theory of needs. In this case a 'people's need for housing'. According to the theory as explained by Maslow, everyone have the right to live in a house that meets his/her needs. The essential to achieve this standard is through access to adequate housing. Therefore, housing is a basic human need in the hierarchy of needs as a first important level of need similar to food and drink; therefore, it is at the centre of wellbeing (Manitoba, 2012). However, Martin and Joomis (2007) add that people must have food to eat, water to drink and a place to call home before they can think about anything else. Furthermore, Maslow's theory demonstrates also how important adequate housing is for security and wellbeing.

The 'Need for Housing' is conceptualised on the basis that housing is embedded in social structure, which suggest that there is a link to other phenomena such as politics, economics, health and education. Therefore, it is natural that an individual as embodiment of households will seek shelter for self or family for purposes of dignity, protection from elements and leaving an asset as legacy to next generations.

A highlight by Murray, Pauw and Holm (2005) is that in any view of human nature the concepts of quality of life and human needs are of key importance; and the hierarchical human needs theory that played a prominent role in certain design traditions for subsidy housing has led to designs of houses as physical shelters rather than homes. Therefore, to transform environments to become more human it is necessary to adopt an anthropology that is not based on a hierarchy of needs.

However, according to the Manfred Max-Neef's human needs theory, the basic needs approach has a very limited understanding of what people's needs are. Max-Neef formulated a new theory of needs for development that, to a significant extent, overcomes the deficiencies of the basic needs approach. The first principle of his theory is that development is about people and not about objects. According to Max-Neef there has to be a measure or indicator for progress in people in much the same way as the object orientated paradigm, on which the GNP measure is based, has indicators of progress (Murray, Pauw & Holm, 2005).

In essence the Max-Neef theory advocates that the best development process is that which allows the greatest improvement in people's quality of life. The key question in this regard is: what determines people's quality of life? Quality of life here depends on the possibilities people have to adequately satisfy their fundamental human needs. A next question therefore arises: what are those fundamental needs and /or who decides what they are? The theory of needs that Max-Neef presents is thus an attempt to steer the development process toward improved quality of life. Satisfaction of fundamental human needs is for Max-Neef the definition of quality of life (abid). Housing as an activity is provided through a government housing policy; and the outcome or delivery of adequate housing is measured by the number and quality of houses built at a given period.

The UN-Habitat (2003) argues that a lack of adequate housing is undoubtedly one of the world's great development challenges. Franklin (2011) points out that living in an informal settlement or lacking adequate housing is directly linked to many of the daily deprivations faced by the poor. These include a lack of clean running water, electricity, heating, personal safety, proper ventilation, security of tenure, and access to economic opportunity. So, the basis for government, within the South African context, in providing housing subsidies is the intention to fulfil section 26(1) of the Constitution (Act 108 of 1996), which states that “everyone has the right to have access to adequate housing” and this right is realised through the National Housing Code adopted in 2009.

The National Housing Code (2009) sets the underlying policy principles, guidelines and norms and standards which apply to government's various housing assistance programmes introduced since 1994 and updated (National Housing Policy, 2010). In the National Housing Policy context, the South African government has in terms of the Housing Act (1997) introduced a variety of programmes that provide poor households access to adequate housing. National Housing Policy and Subsidy Programmes (2010) assert that the policy principles set out in the White Paper on Housing aim to provide poor households with houses as well as basic services such as potable water and sanitation on an equitable basis.

Ten years after the introduction of the housing programme in 1994, a comprehensive review was undertaken of the outcomes of the housing programme and the changes in the socio-economic context in the country. This led to the approval of the Comprehensive Plan for Sustainable Human Settlement commonly referred to as “Breaking New Ground or “BNG”, by Cabinet in September 2004 (National Housing Policy, 2010). The BNG plan was intended to improve the quality of housing and housing environments by integrating communities and settlements. This included the development of a range of social and economic facilities in housing projects, therefore, improving the lives of poor people, in general.

One of the instruments advanced to eligible beneficiaries is housing subsidies provided by the government to build sustainable human settlements and bringing about changes in the socio-economic conditions in poor communities. The Alexandra

Township in Gauteng as a unit of study in this research is an area characterised by lack of development in terms of housing and other infrastructure. From 1995, the Gauteng DHS and City of Johannesburg Metropolitan Municipality had begun housing projects through the provision of subsidies in an effort to improve the socio-economic conditions by providing adequate shelter to poor households.

Alexandra is also a unique 'township' in South Africa in that it is situated in the hub of Gauteng, precisely surrounded by affluent suburbs such as Sandton. Yet at first glance, it looks largely underdeveloped because there are many shacks that form a noticeable façade of the area. The growing number of residents in Alexandra has put the government of Gauteng under pressure to provide low-income and social housing in order to meet the demand. However, the delivery has been extremely slow; and the shortage of land further exacerbates the problem (Franklin, 2011).

The purpose of the study, therefore, is to assess the impact of these government housing subsidies in the area from 1995 to 2012 and evaluate if indeed the socio-economic conditions of beneficiaries in terms of quality of life and standard of living have improved. The study further investigates whether:

- Granting a government housing subsidy improves the quality of life for beneficiaries?
- The government funding model for housing subsidies is sustainable to deliver more low cost housing in the future?; and
- Effective spending and distribution of government housing subsidies have an impact in improving the standard of living for beneficiaries?

Gilbert (2004) contends that providing housing for so many people often requires compromise on the quality and consistency of housing product, and a massive bureaucratic machine that is vulnerable to political manipulation. In addition, Franklin (2011) argues that the South African government had taken the decision to aim for breadth rather depth in its delivery of subsidy. They were trying to build as many houses as quickly as possible while necessarily sacrificing housing quality and location in the process.

Gilbert (2004), critically points out that housing developments situated on the periphery are not economically viable based on cost-effectiveness, and considering other variables such as transportation and market forces in terms of tradability. Effectively utilising and distributing these housing subsidies to poor people and delivering more houses quickly at strategic locations, preferably near places of work, can create a significant impact in improving the quality of life of poor people. On the contrary, Smith (2000:11) underscores that residents of informal settlements are sometimes forced to relocate to new housing projects that are further out on the edge of the city. Most new housing developments happen on the periphery of cities because this is where land is cheapest and where it is possible to acquire large pieces of land suitable for large projects.

A location that provides easy access to job opportunities contributes significantly to a productive and progressive society; further suggests that an environment in which there is a good location also brings changes because of better access to schools, parks, convenient amenities, secure and clean neighbourhood, transport, which creates a geographic impact (BESG, 1999).

The housing administration, particularly in the Gauteng Provincial Government, which oversees the implementation and management of the Housing Subsidy System (HSS), is plagued with many problems and management weaknesses. The Gauteng Department of Human Settlements (DHS), however, claims that it has an effective oversight of projects and allocated funds; and that a number of monitoring and evaluation mechanisms have been developed which helps to ensure the delivery of the housing projects (BuaNews, May, 2012). One of these mechanisms is the electronic - HSS.

The HSS helps to utilise the received (housing projects) information for reporting purposes and prevents the duplication of capturing activities. More importantly, the HSS is a part of the “checks and balances” approach, which helps to detect problems in the implementation of projects, and puts corrective measures where necessary. The revelation pointed to irregular management of the Housing Subsidy System, for which there was an accepted process. This raised questions whether rules were being bent. The position held by the DA in Gauteng is that the situation was unlikely to

improve as demand for housing continued to outstrip government delivery, and people became more desperate and suspicious of the process; and made them more likely to resort to fraud (BuaNews, May, 2012).

The point is that there could be many factors contributing to the failure of a subsidy system, including poor budgeting or management. However, it is noteworthy that the key element in measuring the impact of the HSS is the ability to deliver a house by government or its agencies at an appropriate time. The research outcome sought to demonstrate that the existing low cost housing funding model (in Gauteng) is not sustainable in terms of effective delivery of housing units and improving the quality of life and standard of living of poor people.

The study findings also respond to the primary research question, which is “*What impact has government housing subsidies had in providing adequate housing and improving the socio-economic conditions of the housing beneficiaries in Alexandra-Gauteng, from 1995-2012?*” in essence, the study focuses on examining the impact of the government housing subsidies in Alexandra, Gauteng, in terms of improving the socio-economic conditions of poor people. This include the effectiveness of the housing subsidy system and how the system has been managed to maximise the housing delivery impact in terms of outcomes; and what the DHS in Gauteng has done since 1995 to eliminate the weakness in the system.

1.2 BACKGROUND AND RATIONALE

The White Paper on Housing (1994) provides the framework for the country's ambitious housing development target of building one million state-funded houses in the first five years of office, as set out in the now defunct ANC Reconstruction and Development Programme (RDP). A cornerstone of this early policy was the National Housing Subsidy Scheme (NHSS), which, among other subsidy systems, provided capital subsidies for housing to qualifying beneficiary households to take full ownership. Later referred to as “RDP housing”, this was a developer-driven process, meaning projects were initiated, planned and built by private construction companies for the national and provincial government (National Housing Code, 2009).

The fundamental policy and development principles introduced by the White Paper on Housing continue to guide all developments in respect of housing policy and implementation (Tissington and Royston, 2011). The Twenty Year Review Report commissioned by the Presidency (2014) found that despite the success of the ten years in the provision of shelter to the poor, there were a number of constraints hindering the provisioning of housing which has contributed to the decline in the number of units built annually since 2000. The following key obstacles and constraints were identified:

- That integrated housing environments had not been satisfactory created. This was owing to poor alignment of housing plans and funding streams at all levels of government, as well as the generally poor quality and peripheral location of low –income housing projects.
- Beneficiaries did not regard the house provided as an asset and saw the houses been sold at a cost lower than the replacement value. This trend illustrates a challenge to the objectives of the housing programme, which sees the housing units provided as an asset.
- There was limited participation from the financial sector in the financing of low-income housing. This was principally owing to the poor repayment record of low-income housing beneficiaries.
- There was significant under-spending on budget for low-income housing by responsible housing departments. This was largely owing to the lack of capacity particular in municipalities, the slow transfer of state land to municipalities, a lack of cooperation from traditional leaders, and the recent implementation of new policy measures;
- The continued presence, and growth of informal settlements, which have little or no access to services or infrastructure (Twenty Year Review, 2014).

In 2011 approximately 13.5% of all households (+1, 6 million) live in squatter housing nationwide, mostly in freestanding informal settlements on the periphery of cities and towns and in the back yards of formal houses. In 2016 the number has reduced to 11.4% (AfricaCheck, 2016). Low rates of formal housing delivery coupled with high rates of new household formation have resulted in a massive growth in the number of

people housed in squatter housing (FinMark Trust, 2011). This form of housing remains the prevalent means through which urban households are accessing shelter. It is estimated that approximately 150,000 new households per annum house themselves in this way. Moreover, the rapid increase (since 2009) in the number of land invasions is a further indication of this. In the short-term, policy responses from all tiers of government will have to be proactively responsive to this fact (Franklin, 2011).

As encapsulated in the National Housing Code (2009), government's primary aim with the introduction of subsidies is primarily to provide security of tenure and access to basic services as well as possibly a rudimentary starter formal structure to the poorest of the poor. In recognition of the severe financial constraints faced by the relatively large proportion of households with monthly incomes below R800, government decided in the 1995/96 housing budget to introduce market-related housing subsidies.

Housing has, therefore, become a high priority second to employment; and with the influx of people into Gauteng on regular basis, the demand is growing. The individual subsidy mechanism is available to individual households that wish to apply for a housing subsidy to purchase an existing or a vacant stand and enter into a building contract for the construction of a house. The latter subsidy option may only be awarded to those households who have entered into a loan agreement with a financial institution (National Housing Code, 2009).

In terms of the government housing subsidy policy, subsidies are specifically designed and targeted at redressing anomalies created by past government subsidisation interventions; and the housing subsidy policy system caters for people who earns an income of zero to Three Thousand Five Hundred Rand (0 - R3500). In other words, legal Republic of South Africa residents with monthly household (joint spouse) incomes below R3, 500 are eligible for the government housing subsidy assistance institution (National Housing Policy and Subsidy Programmes, 2010). A housing subsidy can be applied towards:

- The acquisition of building materials;
- Building a starter top structure;

- Expanding an existing starter structure; and
- Off-setting in part or in full, a housing loan obtained by the beneficiary; and paying a deposit in order to gain access to a housing loan (National Housing Code, 2009).

Rust (2006) outline that in 1995 the urban housing backlog was approximately 1.5 million units. The consequences of this backlog are physically reflected in overcrowding, squatter settlements and increasing land invasions in urban areas, and generally by the poor access to services in rural areas. A further argument is that, socially and politically, the backlog gives a daily impetus to individual and communal insecurity and frustration, and contributes significantly to the high levels of criminality and instability prevalent in many communities in South Africa.

Table 1.1 presents a large scale of the housing backlog at national level from 1995 to 2001. This illustrates the rapid growth in housing demand and a mammoth task for future housing policy; and other key constraints that needed to be addressed.

Table 1.1: Housing backlog at national level

Province	Backlog 1995	Backlog 2001
Eastern Cape	149,397	361,271
Free State	77,221	123,200
Gauteng	561,873	518,897
Kwazulu-Natal	300,423	402,803
Mpumalanga	24,286	211,620
Northern Cape	23,533	48,576
Northern Province	54,326	426,605
North West	85,912	411,221
Western Cape	171,5005	280,000
South Africa	1,448,476	2,784,193

Source: DHS: 1995 - 2001

Approximately 1.5 million urban informal housing units existed in 2011. These included around 620,000 serviced sites delivered by the old provincial authorities and through

the Independent Development Trust's (IDT) Capital Subsidy Programme, as well as almost 100,000 unused (sterilized) serviced sites (National Housing Policy, 2010). Delivery of serviced sites through the IDT's Capital Subsidy Scheme and by the four (old) provincial authorities is estimated to have reached levels in excess of 120,000 per annum over a three-year cycle, but has declined in 2012. An estimated 5.2% of all households in 2012 resided in the private sector housing, and public sector hostel accommodation (FinMark Trust, 2011).

The rationale of this study is that government is obliged to take steps and create conditions that will lead to an effective right to housing for all. It is also under obligation to refrain from taking steps that promote or cause homelessness. The South African Constitution espouse that a person has a right to live in dignity, and in habitable circumstances. This implies that government has to vigorously promote an effective right to housing for all, within the resources and other limitations applicable to it. In 1994 when the Government of National Unity led by the African National Congress (ANC) took power, it inherited a country of gross inequalities; and housing delivery became one of the highest priorities that the government outlined in terms of addressing basic needs.

The Housing Act (1997) mandates municipalities to implement housing programmes in their area in line with their Integrated Development Plans (IDP's). Most important is the Gauteng Provincial DHS (former Department of Local Government and Housing), which among other things, administers funding for subsidies for servicing of stands and building of top structures (FinMark Trust, 2011). To substantiate this argument, the housing process must be socially, economically, financially, and politically sustainable in the long-term. This suggest balancing end-user affordability, the standard of housing, the number of housing units required, and the fiscal allocations for housing; and it is important that:

- The contribution of housing to the overall success of the Reconstruction and Development Programme (RDP) and the Government of National Unity is recognised.
- A long-term housing programme is outlined that meets the housing needs of all South Africans within the shortest possible time frame.

- The maximum possible sustained investment is mobilised from the State, private sector and individuals. If the housing programme is to be sustainable, it would require the State to continuously ensure level playing fields between the broader public sector and the private sector. However, this does not preclude the State from vigorously intervening to correct distortions and imbalances in the market place.
- Projected fiscal allocations to housing should form a part of such a long-term housing strategy;
- The housing programme must take cognisance of constraints to its implementation, if such a programme is not going to lead to distortions in the housing market (such as high inflation, poor quality workmanship and a higher proportion of housing starts to finishes).
- A primary aim of the housing strategy must be to build viable and sustainable communities. To this end, responsibility for and affordability of the costs of long-term maintenance and development of housing environments and services must be recognised in planning and implementation (National Housing Code, 2009).

1.3 RESEARCH PROBLEM STATEMENT

The main problem is that housing subsidies seem not to be used effectively to provide adequate housing. So, the impact of housing subsidisation is perceived not to be visible enough to indicate that more houses have been built or housing targets each year are achieved to reduce the housing backlog. The sub-problem assumes that people (poorest of the poor) who are meant to benefit from these housing subsidies do not benefit in terms of change or improvement in their socio-economic status.

1.3.1 Research Question

Since 1995, the evaluation of the Housing Subsidy System should have shown a huge impact in the delivery of houses in Gauteng-Alexandra. However, the increasing service delivery protests demanding houses suggest that there is low if not little impact created in this regard. Therefore, the research question addressed in this study is:

“What impact has government housing subsidies had in providing adequate housing and improving the socio-economic conditions of the housing beneficiaries in Alexandra-Gauteng, from 1995-2012?”

1.4 MOTIVATION

As the Housing Project Manager at the City of Johannesburg Metropolitan Municipality, the researcher has experienced that government housing subsidies were not used effectively to leverage the housing delivery in Gauteng broadly. In addition, the observation was that the process to approve and allocate these subsidies was judged to be very slow. As a result, the reported manipulation of beneficiary lists resulted in many people who really needed houses not benefiting.

According to BuaNews (2012), the former Director-General of Housing, Mr. Itumeleng Kotsoane, provided detail on actions taken by the department to improve the Housing Subsidy System (HSS) at a joint media breakfast in Johannesburg with the Special Investigating Unit. The former Minister of Housing, Ms Lindiwe Sisulu, at the time, had also requested that the Auditor-General (AG) conduct an audit and review of the HSS in order to “identify weaknesses in housing information management systems that resulted in people who are not supposed to get the subsidy end up getting them” (BuaNews, May, 2012).

There is huge backlog in housing development. According to the Housing Act (1997), housing development has to ensure viable households and communities in areas allowing convenient access to economic opportunities, health, education and social amenities in which all citizens and permanent residents of the Republic will on a progressive basis, have access to basic needs (Housing Act, 1997).

The World Bank (2009) has classified the housing sector as a key component of the economy. In developing countries, housing investment typically comprises 2-8% of Gross National Product (GNP), 10-30% of Gross Fixed Investment (GFI), and provides a flow of services equal to another 5-10% of GNP (World Bank, 2009).

The point is that the low-income housing sector is often perceived as being mainly an important component of the social welfare system. It is also an important economic sector with crucial real, fiscal and financial links to the overall economic performance of the national economy. If, therefore, the delivery of houses is not maximised through these government subsidies, the progress in socio-economic development will stagnate.

Consequently, more and more people will be trapped in the circle of poverty. The other factor that motivated the researcher to conduct the study is that in 2009 the Housing Department (now Gauteng DHS) introduced improvements to the HSS. It was reported that “the Department of Housing remains determined to stamp out fraud and corruption that bedevil housing subsidies and prosecute those officials involved” (GCIS, 2012). In 2012, the same problems and weaknesses in the HSS still existed. In many instances, manipulation of subsidy lists and misappropriation of funds have been reported to have increased.

1.5 RESEARCH OBJECTIVES

The research study has the following objectives:

- To investigate the impact of the government housing subsidies in providing adequate low-income housing;
- To explore the effect of housing subsidies in changing the socio-economic conditions of beneficiaries;
- To investigate the affordability of housing; and
- To explore an alternative to government housing subsidies.

1.6 RESEARCH SCOPE AND LIMITATIONS

The study is limited to period from 1995-2012. The framework of analysis is the Alexandra Township as well as a case study. This is because the transition from the National Party-led government to a new democratic dispensation in 1994 necessitated that the ANC government be given enough time to put in place new policies, programmes and strategies as far as housing delivery was concerned.

1.7 THE SIGNIFICANCE OF THE STUDY

It is envisaged that this study through its research findings contribute knowledge in the field of Public Administration and housing literature. It may also assist the DHS to explore recommended solutions to improve the HSS and provide valuable data relating to the impact of government housing subsidies, including challenges on housing allocations and subsidies management.

1.8 DEFINITION OF TERMINOLOGY

The definition of terminology is necessary to eliminate terminological confusion out of the reader, and to ensure that there is no ambiguity expressed in the text. Terminologies defined below are not necessarily peculiar to the reader, but the intention is to establish common understanding and meaning used in the text.

- **Socio-economic conditions**

For the purpose of the thesis, socio-economic conditions are defined as critical elements in the sustainability of settlements and the habitats on which they depend. They are concerned particularly with measures of socio-economic well-being, including: (a) equity, (b) employment status, (c) income, (d) economic activity, and (e) education (Resource Planning and Development Commission, 2006). This includes sustainable development, which is development that improves the total quality of life, both now and in the future. The socio-economic conditions encompass not just income but also educational attainment, financial security, and subjective perceptions of social status and social class. Socio-economic status encompasses quality of life attributes as well as the opportunities and privileges afforded to people within society (American Psychological Association, 2018).

- **Housing subsidy system (HSS)**

In the text, HSS is defined or described according to a framework provided by the DHS, which is a database to ensure that no person access the assistance measure twice. The national DHS manages the Housing Subsidy System but provincial departments and accredited municipalities liaise with the national Department to administer housing projects and subsidy applications (DHS, 2014).

- **Subsidised housing**

This is defined as a government-sponsored economic assistance programme aimed towards alleviating housing costs and expenses for impoverished people with low to moderate incomes. Forms of subsidies include direct housing subsidies, non-profit housing, public housing, rent supplements, and some forms of co-operative and private sector housing (Social Impact Open Repository, 2017).

- **Constitution**

A framework for self-governance consisting of a set of written instructions issued by a sovereign people to their governmental agents (Gardener, 1992); and in this thesis, a constitution is used as a legal or legislative framework that serves a guide to state and government institutions to carry out mandated functions in service of the public. In other terms, it is a body of fundamental principles or established precedents according to which a state or other organisations are acknowledged to be governed.

- **Debt financing**

In a government environment, debt financing can have many connotations. However, for the purpose of the thesis, it is a process when a firm, including government institutions, raises money for working capital or capital expenditures by selling bonds, bills, or notes to individual and/or institutional investors. In return for lending the money, the individuals or institutions become creditors and receive a promise to repay principal and interest on the debt. It is a method of financing in which a company

receives a loan and gives its promise to repay the loan. It includes both secured and unsecured loans (Mansi and Reeb, 2002).

- **Quality of life**

In the context of this study, the quality of life is referred to as satisfaction by government (subsidised) housing beneficiaries that their well-being has improved in terms of having access to basic services such as shelter, water and sanitation. In broad terms, it encompasses notions of good life, a valued life, a satisfying life and happy life (McCrea *et al.*, 2006). Quality of life is often measured using either subjective or objective indicators. Subjective indicators are derived from surveys of resident's perceptions, evaluation and satisfaction with urban living. Objective indicators relate to observable facts that are often derived from secondary data (Tesfazghi, 2009).

It also refers to the general well-being of individuals and societies, outlining negative and positive features of life. It observes life satisfaction, including everything from physical health, family, education, employment, wealth, religious beliefs, finance, and the environment (Tesfazghi, 2009). Subjective quality of life is about feeling good and being satisfied with things in general. Objective quality of life is about fulfilling the societal and cultural demands for material wealth, social status and physical well-being (GDRC, 2018).

- **Standard of living**

In the context of this study, the standard of living refers to prospect of generating an income through rental and converting a subsidised house into a valuable asset that can be traded in future, should beneficiaries decide to upgrade. This includes a level of wealth, comfort, material goods and necessities available to a certain socio-economic class or certain geographic area (Baimagambetova and Maulen, 2018). The standard of living is closely related to quality life.

- **Transparency**

In the thesis, transparency means an open way the government or its agencies conduct its business in terms of service delivery. Ball (2014) argues that the definition of transparency reveals three metaphors: transparency as a public value embraced by society to counter corruption, transparency synonymous with open decision-making by governments and non-profits, and transparency as a complex tool of good governance in programmes, policies, organisations, and nations.

In the first metaphor, transparency is subtly intertwined with accountability while the second metaphor, as transparency encourages openness, increases concern for secrecy and privacy. In the third, policymakers create transparency alongside accountability, efficiency and effectiveness. Therefore, transparency is becoming an unofficial mandate by the public and is often a legal mandate. Ginsberg, *et al.* (2012) defines transparency as the disclosure of government information and its use by the public. Therefore, transparency under this definition requires a public that can access, understand, and use the information it receives from the government.

- **Accountability**

Accountability as outlined in the thesis required the accounting authority in the state and government departments to account for any decision-making or action taken on behalf or in service of people. According to Mulgan (2000), the scope and meaning of accountability have been extended in a number of directions well beyond its core sense of being called to account for one's actions.

By description, it has been applied to internal aspects of official behaviour beyond the external focus implied by being called to account; to institutions that control official behaviour other than through calling officials to account; to means of making officials responsive to public wishes other than through calling them to account; and to democratic dialogue between citizens where one is being called to account (Mulgan, 2000).

Bovens (2007) provides a rather simplistic definition of accountability as a “relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences” (Bovens, 2007).

- **National Housing Programme**

The National Housing Programme as conceptualised in the National Housing Code (2009) is an instrument to implement the South Africa’s government housing programme. The implementation of National Housing Programmes is directed through the specific provisions contained in each programme. In addition, a set of technical provisions has been provided to ensure the achievement of certain minimum levels of standards and specifications in respect of the housing products to be delivered through these programmes (DHS, 2017).

- **Security of Tenure**

The context that all beneficiaries of a housing assistance programme must acquire secure tenure either in the form of ownership, leasehold, deed of grant or formal rental arrangements and related non-ownership forms of tenure (DHS, 2017). Security of tenure is a central component of the right to adequate housing. Any initiative related to housing, whether in the context of urban renewal, land management or other development-related projects, or in dealing with recovery after conflicts or disasters, will inevitably have tenure security implications (DHS, 2017).

1.9 OUTLINE OF THE STUDY

The thesis is divided into eight (8) different chapters, which constitute a sequence and logical unit to present the scope of the thesis and outlines the various points and discussion ensued.

Chapter 1 includes the introduction, which sets the background, outlining the rationale, objectives, and the research problem statement, which encapsulates the main problem, that is, housing subsidies are not used effectively to provide adequate housing. As a result, the impact of housing subsidisation is not visible enough to indicate that more houses have been built or housing targets each year are achieved to reduce the housing backlog. This further covers the research question, which seeks to assess HSS in the process by asking “What impact has government housing subsidies had in providing adequate housing and improving the socio-economic conditions of the housing beneficiaries in Alexandra-Gauteng, from 1995-2012?”

The chapter further covers the research objectives sought to be achieved, research scope and limitations, and the significance of the study, as far as how the outcomes would contribute to the existing knowledge and who will it benefit. This chapter also includes the definition of terminology.

Chapter 2 focuses on the literature review of the government housing subsidies, specifically the impact in providing (low-income) houses; and the improvement processes to effectively and efficiently managing the HSS for the benefit of poor communities or beneficiaries in South Africa. This includes the conceptual and analytical framework exploring various variables relating to economic justification and effectiveness of government housing subsidies and the relationship between housing and poverty within the South African housing policy.

Chapter 3 entails the research design and methodology. A mixed method research design is used in this study and other proponents of mixed methods argue that the design encompasses more than simply combining qualitative and quantitative methods but rather, reflects a new “third way” epistemological paradigm that occupies the conceptual space between positivism and interpretivism. In this chapter, there is

demonstration that the use of both quantitative and qualitative methods improves an evaluation by ensuring that the limitations of one type of data are balanced by strengths of another.

Chapter 4 captures a case study of the Alexandra Township in Johannesburg, Gauteng, to give a context to the study in terms of its significance and relevance. The case study also covers the history of Alexandra as it is closely located near the wealthy suburb of Sandton, bounded by Wynberg on the west, Marlboro and Kelvin on the north; and that is one of the poorest urban areas in the country with reasonably well-built houses, but it also has a large number (estimated at more than 20,000) of informal dwellings or "shacks".

Chapter 5 explores the housing sector performance since 1995 in a South African context and policy shifts in the delivery of low cost housing, including outcomes in terms of implementation. In the chapter, the effective functioning of housing markets is also explored in relation to delivery obstacles; and social mobility as far as quality of life is concerned.

Chapter 6 presents detailed data analysis and findings of the study are discussed encompassing analysis of relevant variables. The latter include status of employment and housing affordability; receipt of housing subsidies; and living arrangements such as household size; to breakdown the role played by government housing subsidies in creating a significant impact to provide adequate housing; and efficacy of the Gauteng HSS against system manipulation.

Chapter 7 focuses on the discussion of research key findings and interpretation in terms of the purpose of the study, key arguments encompassing elements such as sustainability of government housing subsidies as outlined in the research study.

Chapter 8 contains conclusions and recommendations of the study and also covers responses intended to answer the research question, which is *"What impact has government housing subsidies had in providing adequate housing and improving the socio-economic conditions of the housing beneficiaries in Alexandra-Gauteng, from 1995-2012?"*

Following chapter eight the **ANNEXURES** are presented.

A list of **SOURCES** is supplied at the end of the thesis.

1.10 Summary

This chapter has presented the outline of the study in terms of the background, rationale, motivation, and most importantly, the significance of the study. In the housing context, subsidies are a very important instrument in accessing decent housing, especially by the poor who are dependent on the government for assistance in this regard. The following chapter discusses the literature review conducted for the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Chapter 1 laid the foundation in terms of a discussion on the impact of government housing subsidies in Alexandra, Gauteng from 1995 to 2012. The chapter also focused on the background of the study, outlining the rationale, objectives and the research problem statement; including the research objectives, scope and limitations, and the significance of the study, as far as how the outcomes contribute to the existing knowledge and who will it benefit.

The main focus of this chapter is the literature review of the government housing subsidies, specifically the impact in delivering (low-income) houses through government subsidies; and the improvement processes in terms of effective and efficient management of the HSS for the benefit of poor communities or beneficiaries.

In 1994, the ANC government adopted the White Paper on Housing after the historic 1994 democratic elections, with the aim to “create viable, integrated settlements where households could access opportunities, infrastructure and services, within which all South Africa’s people will have access on a progressive basis” (National Housing Code, 2009). This was intended to further provide a permanent residential structure with secure tenure, ensuring privacy and adequate protection against the elements.

Huchzermeyer (2001) argues that well informed government policies are an important aspect for determining housing outputs. Subsidies as an instrument to implement housing policies are supposed to enable the improvement and increase in housing delivery. But what happens if these housing subsidies are ineffective in delivering a maximised housing output or creating no impact at all. Huchzermeyer (2001) further points out that the adverse effect of such policy failure is on the lost opportunity to improve the lives of poor people in terms of the standard of living and quality of life.

Tissington and Royston (2011) remind that it is critical to note the White Paper (1994) on Housing. The latter describes how the government's overall approach to the housing challenge is aimed at mobilising and harnessing the combined resources, efforts and initiative of communities, the private and commercial sector and the state. The White Paper postulates that despite the constraints in the environment and the limitations on the fiscus, every effort should be made in order to realise this vision for all South Africans while recognising the need for general economic growth and employment (Tissington and Royston, 2011).

The argument above suggests that every sector, including government and communities, must contribute to the attainment of adequate housing for poor people despite the constraints in the fiscus. The argument, however, falls short by not elaborating on the mechanisms to improve economic growth in order to generate employment opportunities to enable housing affordability and achieve an efficient subsidy mechanism to reach the poor. In other words, the impact of such subsidy schemes has to be aligned to public interest, poverty reduction and the principles of equal opportunity and allocation efficiency. As Collins (2013) argues, current policies by governments are at best, inefficient and inequitable and at worst, ineffective.

This is so because the lure of owning a home remains part of the socio-economic fabric of families and communities ; yet policy discussions often include the role of home buying in stimulating the economy, but less concern about how to best aid low-income first time homebuyers (Collins, 2013). The latter assertion is that subsidising homeownership for low-income buyers stems from numerous rationales and justifications (Andrew and Sanchez, 2011). The efficiency and equity performances of particular types of housing subsidies have received little attention for a long time (Drew and Herbert, 2012). So, there has always been a need to essentially analyse how the different types of subsidies fit together, where the leakages are, and who captures the subsidies, often with the purpose of reforming the housing subsidy systems. Such studies are in a position to make abundant use of public finance criteria to assess the performance of housing subsidies. It is generally possible to assess the "quality" of particular types of housing subsidies based on simple notions of use of public finance (Lerman, Steuerle and Zhang, 2012).

2.1.1 Fundamental Principles of Housing Policy Development and Implementation

The National Housing Code (2009) connotes that the Constitution is the supreme law of the land and all housing policy must comply with the Bill of Rights. Section 26(1) of the Constitution stipulates that “*everyone has the right to have access to adequate housing*” (on a progressive basis). Therefore, the policy principles as contained in the White Paper on Housing (1994) are fundamental to the achievement of this right. These principles are based on the following policy deliverables:

- People-centred development and partnership;
- Skills transfer and economic empowerment;
- Fairness and equity;
- Right of choice;
- Transparency, accountability and monitoring; and
- Sustainability and fiscal affordability (National Housing Code, 2009).

Napier (2005) pointed out that the housing policy envisaged certain outcomes when it was introduced in 1995 and came out of a clear set of developments in the 1980s. The vision of the South African housing policy outlined in the White Paper on Housing (1994) was pitched at two levels, the one addressing the delivery of adequate housing (and secure tenure) to the needy, and the other addressing the nature and location of the settlements so created.

The South Africa’s government housing programme has, for the last decade, been the implementation platform of the National Housing Programmes. In addition, a set of technical provisions has been provided to ensure the achievement of certain minimum levels of standards and specifications in respect of the housing products to be delivered through different programmes. The Urban Development Framework released in 1997 went further by outlining the urban vision, which was that by 2020, South African cities and towns would be:

- Spatially and socio-economically integrated;

- Centres of socio-economic opportunity;
- Centres of vibrant urban governance;
- Environmentally sustainable;
- Planned in a highly participatory fashion;
- Marked by adequate housing and infrastructure and effective services;
- Integrated industrial, commercial, residential, information and health, educational and recreational centres; and
- Financed by government subsidies and by mobilising additional resources through partnerships (National Housing Code, 2009).

2.1.2 Meaning of Government Subsidised Housing

According to Koeble (2004:18), subsidised housing is government-sponsored economic assistance programme aimed towards alleviating housing costs and expenses for needy people with low to moderate incomes. Forms of subsidies include direct housing subsidies, non-profit housing, public housing, and rent supplements. Hoek-Smit (2008) pointed out that nearly all governments intervene in housing finance markets, primarily for social and political reasons. The availability of debt finance for housing is a critical component of a housing system.

The key argument is that housing is one of the largest investments in an economy, often, a key barometer of social well-being. When societies urbanise and real incomes increase, housing expectations and standards also increase. Hoek-Smit (2008) further laments that standard housing is expensive relative to household incomes or investor resources; and the degree of access to long and medium-term financing to pay for a house over time is especially important unless the State assumes that responsibility or pays for the housing asset directly.

Rosen (2005:379) argues that housing subsidies can be rationalised in terms of redistribution goals; meaning that by providing subsidised housing for the poor, more egalitarian income distribution can perhaps be achieved. It is further pointed out in this context that if the government's sole objective is redistribution, and the recipients' preference are paramount, then using cash to redistribute income is more efficient than a subsidy (Rosen, 2005).

The lack of an efficient system of housing finance that includes existing and unfinished houses impedes low and moderate-income housing markets in particular. Without access to debt finance, whether long or medium-term, households have to finance their homes from savings or family support (Jones and Datta, 2000). The argument above is that there is an expectation that people in general must build their homes over long periods or settle for a lower quality structure, often informal, which normally translates to inadequate access to clean water, sanitation and community services.

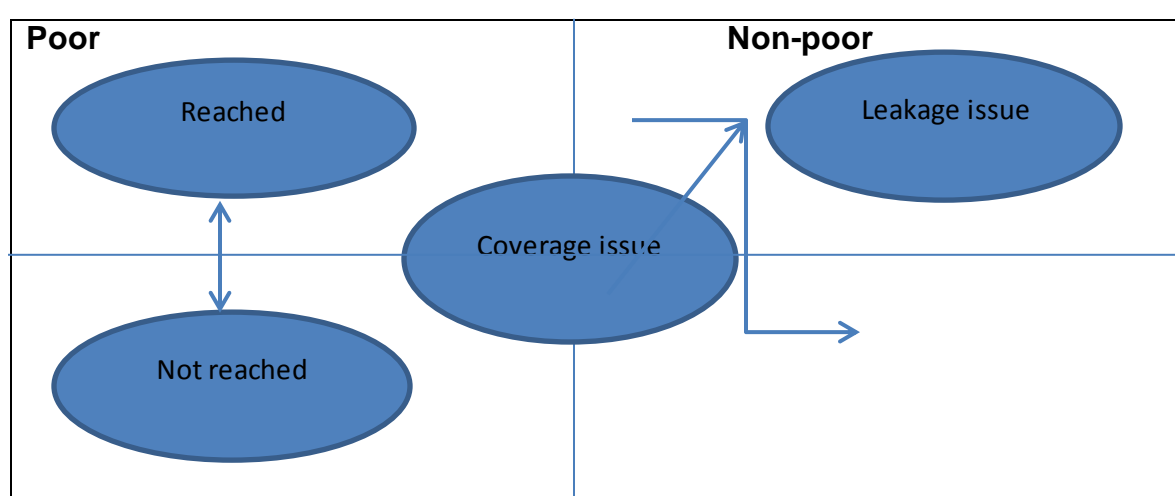
2.1.3 The Effectiveness of Government Housing Subsidies to Address Housing Needs

The assumption as captured in the National Housing Code (2009) is that government housing subsidies are designed to cover a big area and range in assisting poor people to access housing subsidies to provide for shelter (Jenkins,1999). The reality, as this study shows, is that not many people, especially, the poor receive these subsidies. The reasons are speculated, but among many reasons cited is that housing subsidies are not effective in adequately addressing the housing needs in South Africa, because:

- Housing subsidies are poorly designed.
- Not enough financial resources are available to the government to cover the costs of housing subsidies.
- Housing subsidies are not properly spent; they are mostly diverted to unintended use.
- Poor quality assurance in terms of measuring the impact of housing subsidies when distributed and spent (Hyden, 1998).

Figure 2.1 illustrates the ineffectiveness of housing subsidies in a sense that if the system was perfect, cells out of the diagonal of the table would be void; and on the contrary, the presence of people or households in the upper right cell of the matrix indicates problems of leakages. For example, people or households not included in target population may benefit from the subsidy. In addition, the presence of people or households in the lower left cell of the matrix indicates problems of coverage, that is, population included in the target are not reached by the subsidy.

Figure: 2.1 - Housing Subsidies Coverage



Source: Coady, Crosh and Hoddinot, 2004

Coverage in this instance refers to the proportion of the target population effectively reached by the subsidy. Buckley and Kalarickal (2004) suggested isolating coverage from targeting because the two notions are different and good targeting and high coverage may be somewhat difficult to achieve simultaneously.

It should be difficult to achieve perfect coverage for well-targeted subsidies, whereas loosely targeted subsidies could cover relatively well the target population, at the expense of higher costs and leakages to non-targeted groups. Coverage may also be related to horizontal equity issues, that is, does the subsidy imply different treatments for different types of households/people in the target population? Or which sub-categories in the target population benefit most and least from the subsidy?

According to Charlton and Kihato (2006), when the first South African democratic government was elected in 1994; there were estimated 12.5 million people without adequate housing. Only 65% of the population was housed in formal (cement and brick) dwellings. Since then there has been evolution in housing policy over the years, most notably with the 'BNG' policy document in 2004, which placed increasing emphasis on minimum building standards, *in situ* approaches to upgrading, rental housing and densification.

2.1.4 Economic Justification for Housing Subsidies

Drakakis-Smith (1981:54) maintains that governments' failure to meet housing challenges is a result of organisational inability of the public sector to carry out policy decisions; and contends that the allocation of funds for housing is futile unless logistical and technical requirements can be met at the same time. Considering Dietz and Haurin's (2003) argument, administration inefficiencies and subsidy design should minimise social costs, which include the government's administration, monitoring and enforcement costs, but also all indirect costs, such as the time required for applicants to locate the appropriate office where to apply, to understand and to fill out the requested forms. Another potentially important indirect cost is the cost associated with legal disputes arising from the implementation of the housing programme.

A further argument is that the administrative planning and construction systems in most developing countries are unable to fulfil these requirements and in an effort to cope with the accelerating housing shortages. Many governments in the developing countries have turned to the successful technologies of the west (Lalloo, 1999). Given the skewed profile of the South African population and the severe affordability problems at the lower end of the market, the targeted provision of end user subsidies constitutes one of the cornerstones of the government approach to the housing challenge.

2.1.5 Government's Approach to the Housing Challenge

From 1995, the government's approach to provide access to shelter to all South Africans as per the Constitution was underpinned by the Housing White Paper (1994), which articulated a broad policy and strategy on the basis of seven (7) key strategies, namely:

- Stabilising the housing environment in order to ensure maximum benefit of State housing expenditure and facilitating the mobilisation of private sector investment;
- Mobilising housing credit and private savings (whether by individuals or) at scale, on a sustainable basis and simultaneously ensuring adequate protection for consumers;
- Providing subsidy assistance to disadvantaged households to assist them to gain access to housing;
- Supporting the enhanced people's housing process – entailing a support programme to assist people who wish to build or organise the building of their homes themselves;
- Rationalising institutional capacities in the housing sector within a sustainable long-term institutional framework;
- Facilitating the speedy release and servicing of land; and
- Coordinating and integrating public sector investment; and
- Intervention on a multi-functional basis in terms of government investment in development (Public Service Commission, 2003).

The National Housing Policy and Subsidy Programmes (2010) encapsulates the objectives of the South African government in terms of providing housing subsidies in a comprehensive plan to create sustainable human settlements aimed to achieve a non-racial, integrated society through development and quality housing. The government has always maintained that in its efforts to deliver adequate housing, it strives for the establishment of viable, socially and economically integrated communities. The latter should be situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities, within which all South Africans will have access on a progressive basis.

2.2 INSTITUTIONAL ENVIRONMENT IN HOUSING DELIVERY

It is important to analyse the government approach in the delivery of low-income housing, in the context of available resources, either in capacity or fiscal terms. It is equally critical to evaluate the institutional environment in which implementation is ought to happen.

The Financial and Fiscal Commission: Report on the Public Hearings on Housing Finance (2012:16) highlights issues arising from low cost housing delivery. Specifically, the Report indicates low cost housing delivery as “being unsustainable, failing to leverage private finance and end-user contributions, and lacking focus in resolving administrative problems around land-release, tenure security and the subsidy waiting lists”. In terms of the tenure security, the Report further indicates that almost 50% of housing beneficiaries have not yet received official title deeds (The Financial and Fiscal Commission, 2012).

As a result, this prevents the participation of these households in the formal property market where property owners have the option of selling their home in order to move up the housing ladder. Responding to the somehow market distortion in this regard, Rust (2012:10) points out that making the resale market work creates a flow that fill in the “gaps in the housing ladder” and empowers low-income households to begin to meet their own housing needs (Rust, 2012).

Many housing policy analysts concur that good management of public resources is necessary for fiscal discipline, economic growth and equity. The poor tends to be disproportionately affected by ineffective and efficient governance relating to low-income housing delivery (Institute of Development Studies, 2000).

Table 2.1 refers to the extent in which all spheres of government are expected to play a role in the delivery of government-subsidised housing. This challenge projects the amount of capacity and financial resources required to deliver each housing project progressively. The table below further captures the existing formal housing delivery methods and associated funding mechanisms utilised by national, provincial and local government:

Table 2.1: provides a summary of the various delivery methods and funding mechanisms that are currently available:

No.	Formal Housing Delivery Method	Funding Mechanism	Tenure Options	Type of Response/Solution	Subsidy
Subsidised Income Group (0 – R3500 – per household per month)					
1	“RDP” Housing Delivery-National	Subsidy provided by National government for the construction of housing units (top structure). The subsidy amount is depended on the amount and quality of housing units to be built. The beneficiaries for each housing project are selected according to the National housing waiting list. Certain RDP projects may qualify for the Urban Settlement Development Grant (USDG)-development as an instrument to address linkage between public housing and economic growth to simultaneously contribute to Human Settlements. It achieves this through land acquisition; bulk infrastructure provision; informal settlement upgrades; reticulation of services for integrated housing developments; project packaging; and better alignment of priority programmes in funding sources given to national, provincial and local government.	Full ownership	New house on owned stand	Project linked
2	Gauteng backyard rental programme	The Affordable Rental Accommodation Grant is given to qualifying landlords to repair and rebuild backyard accommodation.	Rental		Individual subsidy

3	Upgrading of Informal Settlements (UISP) – National The Upgrading of Informal Settlements Programme (UISP) is a policy response to growth of informal settlements and supports the Presidency's Outcome 8, to upgrade 400,000 accommodation units within informal settlements. It seeks to improve the living conditions in informal settlements by providing secure tenure and access to emergency and basic services.	Municipalities will assume role of developer and will identify informal settlements to be upgraded and apply to the Provincial Housing department for funding. Subsidies given to individuals. These projects may also qualify for the Urban Settlement Development Grant (USDG).	Full ownership	Informal and backyard solution	Individual subsidy Project linked
4	People's Housing Process – National If individuals want to build homes themselves, this programme supports them to access various kinds of subsidies	A support organisation must be established that then approaches the provincial/Regional office to make a project application on behalf of applicants. Access is then provided to subsidies as well as other support measures.	Full ownership	New house on owned stand	Consolidation Project linked Institutional and Rural subsidies
5	Community Residential Units (CRU) – National Development or refurbishment of public housing stock including hostels	CRU programme provides a subsidy for the total capital costs of project preparation and development of public property and a once-off maintenance grant after 5 years.	Rental/sectional title/full ownership	Brownfields upgrading/regeneration	Individual subsidy
6	Enhanced Extended Discount Benefit Scheme- National This scheme promotes home ownership among tenants of publicly-owned rental housing (municipal and provincial)	Facilitated by Consolidation subsidy-transfer of long-term state funded housing. Purchasers can receive a discount on the selling price of the property.	Rent –to-buy	Brownfields upgrading/regeneration	Individual

7	Integrated Residential Development Programme (IRDP) – National The IRDP enables the development of well-located, socially diverse projects that provide a mix of income groups and land uses	Urban Settlement Development Grant (USDG) – developed as an instrument to address linkage between public housing and economic growth to simultaneously contribute to Human Settlements.	Rental/sectional title/full ownership	Greenfields/Brownfields upgrading/regeneration	Project linked
Gap Income Group R 3,501 – R 10,000 – per household per month					
8	Social Housing Institutions (SHIs) – National Managed and implemented by institutions which own stock and is a legally constituted body. Social housing is used locally to describe a very broad range of housing delivery and management mechanisms including housing stock	Social Housing restructuring Capital grant complemented by Institutional subsidies available to qualifying housing institutions/sectional 21 companies.	Rental/sectional title/full ownership	Greenfields/Brownfields upgrading/regeneration	• Institutional
9	Financed Linked Individual Subsidy Programme (FLISP) – National In order for those within the gap market to acquire existing properties or buy a serviced site	The Financed Linked Individual Subsidy Programme applies to people who earn R 3 501 – R 7 000 per month. These people may apply for a subsidy, which is determined by an incremental band.	Full ownership		• Individual
10	Gap: Inclusionary Housing Inclusionary housing is a crucial rung on the housing ladder; it provides a stepping stone into the formal private market for those earning under R 10 000 per month. No official programme/framework has been	Inclusionary housing projects include both affordable housing and accommodation for middle income households. This is usually done by regulating projects done by private developers to provide a percentage of affordable units benefiting households earning below R10 000 per month.			

	initiated by the state				
Private Market R 10 000 + (per household per month)					
11	<p>Developer Implementation, Market Driven; private sector.</p> <p>The private sector is a major provider of rental housing stock, and plays a key role in urban regeneration. The formal private sector rental market operates primarily in the inner city and suburbs, producing mainly high-density accommodation</p>	<p>Bonded; Private funded</p> <p>Usually provided for people earning between R7, 500 and R40, 000 per month.</p>	Full ownership	Greenfields/Brownfields upgrading/regeneration	

Source: Development Planning Department: CoJ, 2015

The studies on effectiveness of public services that have taken place are largely concerned with reducing costs in housing delivery. To achieve efficacy, a model for public housing allocation outlines that a unit must be allocated in the period in which it arrives. Although the period in which a given unit becomes available is not known in advance, the distribution of waiting times is known (Leshno, 2015). The major concern is efficiency (the relationship between inputs and outputs). What is evident is that little attempt is made to assess effectiveness by looking at the impact of services provided to housing beneficiaries

Thakral (2016) observe that the efficacy of the public sector depends not only on the supply of public services but also on the design of systems for provision, while the former receives considerable attention from policymakers, poor design can entail substantial welfare losses. The appropriate approach, however, to take would be to undertake the allocation of housing based on need (even though there is little agreement about what this means in practice); and the role that housing organisations perform really comes down to what sorts of people they house. Against this background, the point made here is that weak institutional capacity, the pressures and strains of restructuring, and the fiscal constraints confronting the government have impacted negatively on the housing programme.

2.3 THE HOUSING SUBSIDY PROGRAMME IN SOUTH AFRICA

A Housing Subsidy Programme is government's main housing assistance vehicle. In 1994, the Housing Subsidy Programme replaced all previously racially based government subsidy programmes, other than where commitments under previous programmes were already made. The scheme was intended to help households' access housing with secure tenure, at a cost they can afford, and of a standard that satisfies health and safety requirements (Beneficiary and Housing Subsidy Administration: Generic Specification GFSH-5, 2002).

The subsidy programme in this context gives a general perspective on how government housing subsidies are applied to address issues relating to provision of adequate shelter in South Africa. In addition, the government housing programme sought to address also how subsidies at a conceptual level relate to poverty alleviation, inequality, funding mechanisms, governance processes, legislative provisions and affordability in terms of leveraging subsidised units as assets to improve the quality of life and living conditions of poor people.

2.3.1 Housing Backlog 1995-2012

To understand the impact of government housing subsidies and delivery programme, it is vital to contextualise the housing backlog in South Africa, particularly from 1995 to 2012, and also to give impetus to how the application of these subsidies effect changes in a socio-economic dimension. As at September 2011, it was estimated that approximately 12 million people were still without adequate housing (Rust, 2006).

Consistent and reliable statistics on housing are somewhat patchy. According to the 2009 General Household Survey, 12.8% of South African households lived in a 'RDP' or State-subsidised dwelling and 13.5% of households have at least one member of the household on a demand database or waiting list for State-subsidised housing (Hassen, 2000).

The DHS has recognised that the backlog in South Africa is not being reduced fast enough and has committed to increasing the rate of delivery with a view to wiping out the backlog by 2030. At current levels, over R16 billion was earmarked by national government for housing each year. But still this was not enough and has led former Housing Minister Sexwale to say that "We need all hands on deck to sort this problem out and to create a better South Africa for all. This remark is both recognition and a plea that government needs the assistance of all parties possible to eliminate informal settlements and poor housing conditions for millions of South Africans (Hassen, 2000).

The justification by government is that a housing backlog is not a uniquely South African problem. Most developing countries suffer some degree of backlog, often seen as a capital market, disposable income and access to banking services problem. Baskin (1998) asserts that in practice, both the housing policy and the delivery process are more complex, but several general points of debate do emerge. First, the goal of one million houses proved elusive prior to the 1999 elections but remains an impressive achievement in quantitative terms. This absolute goal of building one million homes was met by 2000, although the backlog in housing (estimated at three million homes) continued to grow.

Housing expenditure has not reached its target; and developers rather than communities drive much of the housing process while the recalcitrance of the formal housing finance sector has frustrated the ruling party's attempts to entice and leverage its participation. Most importantly, the quality and location of the houses that have been constructed since 1995 have been criticised as inadequate, and in some instances have been compared unfavourably to the houses built under apartheid. Conversely, international human rights law recognises principles of basic housing. This implies that the South African government cannot cut corners when addressing the housing backlog. Therefore, there is an obligation to provide decent housing units (UNCHS and ILO, 1995).

2.3.2 Housing and Human Rights

According to the United Nations Centre for Human Settlements (UNCHS), housing adequacy is defined as follows:

“Adequate shelter means more than a roof over one’s head. It also means adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water supply, sanitation and health related factors; and adequate and accessible location with regard to work and basic facilities: all of

which should be available at an affordable cost (UNCHS and ILO, 1995:56).

The right to adequate housing guarantees all people the right to live in security, peace and dignity. Adequacy often varies from country-to-country since it depends on specific cultural, social, environmental and economic factors. As Mann (2004) illustrates, human rights raise the question of the social conditions essential to well-being in terms of what the government or State should not do (such as not to discriminate, deny equality before the law, violate private life) and of what the states should ensure to all, such as basic education, social security, access to care, to housing, and to adequate food.

According to the UNCHS and ILO (1995), this involves more than the right to access to shelter and includes certain indivisible, interdependent and interrelated human rights. Adequate housing is measured by certain factors such as legal security of tenure, the availability of services, materials, facilities and infrastructure, affordability, habitability, accessibility, location, and cultural adequacy. Subsequently, a right to adequate housing is equated with indicators of housing and social exclusion in a sense that unfavourable housing conditions can contribute to social exclusion (May, 2000). South Africa's housing policy is consistent with this concept of housing. Although housing issues are not explicitly articulated within the South African context, their relevance to quality of life and social inclusion puts these issues in several important policy domains.

2.3.3 Undersupply of Housing to meet Demand

In November 2005, the Mail and Guardian newspaper reported that cement prices have more than doubled in the past seven years and, with production capacity currently 'under pressure', could rise even higher, placing the government's infrastructure rollout in jeopardy (Mail and Guardian, 2005:7). The Bureau for Economic Research showed that prices had increased by 143% between February 1998 and February 2005, during which time the housing subsidy had increased by just fewer than 50% (BER, 2007).

Research undertaken on behalf of the Banking Association in 2005 found that where it took between 12-18 months to convert raw land into registerable stands, the process in 2012 took between 30 and 59 months; and later it could take more. Where it previously took five months to develop houses on such stands, it now takes about 19 months. An additional factor adding to these delays relates to limitations in the bulk service capacity (BER, 2007).

Rust (2012) illustrates the composition of the sector in terms of the income of its clients. Poor citizens still expect government to provide free or subsidised housing. Research by Pearson and Greeff (2006) indicates that the picture still holds true, especially when there is an increase in the unemployment rate. South Africa's housing sector, with its stalling delivery and deteriorating affordability, is trapped within a complex and nuanced interplay of demand and supply. Therefore, access to housing and the interplay between demand (long housing waiting lists, burgeoning informal settlements, overcrowded inner city flats, and so on) and supply (RDP delivery, social housing, and bonded housing) have been given significant attention by policy makers and indeed in the literature (Khan, 1999).

Conversely, as argued by Atkinson *et al*, (2002:158), poverty often manifests itself in homelessness or sub-standard housing conditions; and the experts suggest that additional indicators of quality and affordability of housing include indicators pertaining to:

- households lacking specific amenities;
- living in overcrowded housing;
- living in housing with poor environmental quality;
- being in arrears on rent or mortgage payments; and
- being homeless and living in precarious housing.

2.4 The Effects of Inadequate Housing

The impact of inadequate housing extends beyond health and the cost of living as argued by Matias Cattaneo, Paul, Gentler, and Rocio (2007). It was also established that the stress of inadequate housing – physical and social – translates into much lower levels of satisfaction and happiness, and that this undermines an individual's capacity to realise a sustainable livelihood and contribute towards GDP growth. Overcrowded housing, for example, creates distractions (sleep disturbances, family conflict, and so on) that undermine studying and school performance (Goux and Maurin, 2005, cited in Bouillon, 2012).

In an extreme example, as they argued, the time it takes a household member to collect water or firewood detracts from the time that could otherwise be spent on more economically productive activities or studying (Goux and Maurin, 2005). Furthermore, time taken travelling to employment robs children of important parenting time, and this has a host of other effects. The consequences of these stresses are self-reinforcing and further entrench inequalities. A child, for example, grows up in inadequate housing, which contributes to his or her poor performance at school and then undermines his or her access to gainful employment. This is much less likely to rise out of poverty than is a child in adequate housing (with an unencumbered school experience and therefore better access to employment) likely to become impoverished (Goux and Maurin, 2005).

The point highlighted here is that lack of adequate housing has other social effects as depicted above, and a question may be whether the impact of government housing subsidies to provide access to a better shelter could indeed eliminate many if not all these social effects. However, for various reasons such as poor location of housing projects, cost of home ownership in the form of rates and service charges, and unemployment, increased access to low-income housing by the poor has been found to limit impact on poverty alleviation.

Some commentators argue that social programmes such as housing have, in some cases, economically and spatially marginalised the poor further. Unfortunately, very little is known about the performance of “RDP” stock and equity they have earned to improve their housing situations further. The analysis conducted in 2007 by Metonymy for the FinMark Trust suggests that values are improving in at least some developments. The acknowledgement is that based on this limited analysis, it appears that state-subsidised properties are starting to perform as the housing assets that policy has envisioned. Therefore, it is worth noting, however, that the degree of improvement varies from neighbourhood to neighbourhood (Rust, 2006).

2.5 THE RELATIONSHIP BETWEEN ADEQUATE HOUSING AND POVERTY IN SOUTH AFRICAN HOUSING POLICY

Baumann (2003:85) points out that an area that remains relatively unexplored is the housing policy relationship to drive the eradication of poverty in South Africa. The relationship between housing and poverty is complex and not well understood. A more urgent concern is whether South Africa’s housing policy is changing the lives of the country’s poor for the better.

Kentridge (1996) avers that in the South Africa’s housing policy, inadequate shelter is understood primarily as an outcome and aspect of income poverty. So, the policy implicitly asserts that people are inadequately housed because they lack sufficient income to participate effectively in the market for housing; and also acknowledges that the market for housing and housing finance is imperfect; and the State must improve people’s incomes (through macroeconomic and associated policy interventions) and improve the behaviour of markets relevant for housing.

What is emphasised is that the South African housing policy does not project subsidies as the primary mechanism to deliver houses to the poor; instead, subsidies are seen as a temporary measure, pending the growth of the economy and the trickle-down of resources to the poor, as well as reform of housing finance markets. Comparatively, the

assertion by Kentridge (1996) has important implications for both housing and poverty policies in that – housing sector performance is seen as a dependent outcome of macroeconomic performance (Housing outcomes, both at large and for specific households, ultimately depend on economic growth).

The main thrust of the non-subsidy aspect of housing policy has been to reshape the institutional framework of the commercial housing and finance markets on the assumption that eventually everyone will be able to buy a house without direct government assistance. Worryingly, recent research suggests that there must be successful mechanisms developed under South Africa's housing policy, with their emphasis on credit access and assumptions of formal employment and/or pension fund securisation do not reach the lowest income groups, who comprise the bulk of the policy's putative beneficiaries. Baumann (2003) maintains that the overall impact of non-credit linked (that is, subsidy only) housing projects may be negative for the very poor because of its impact on their survival strategies.

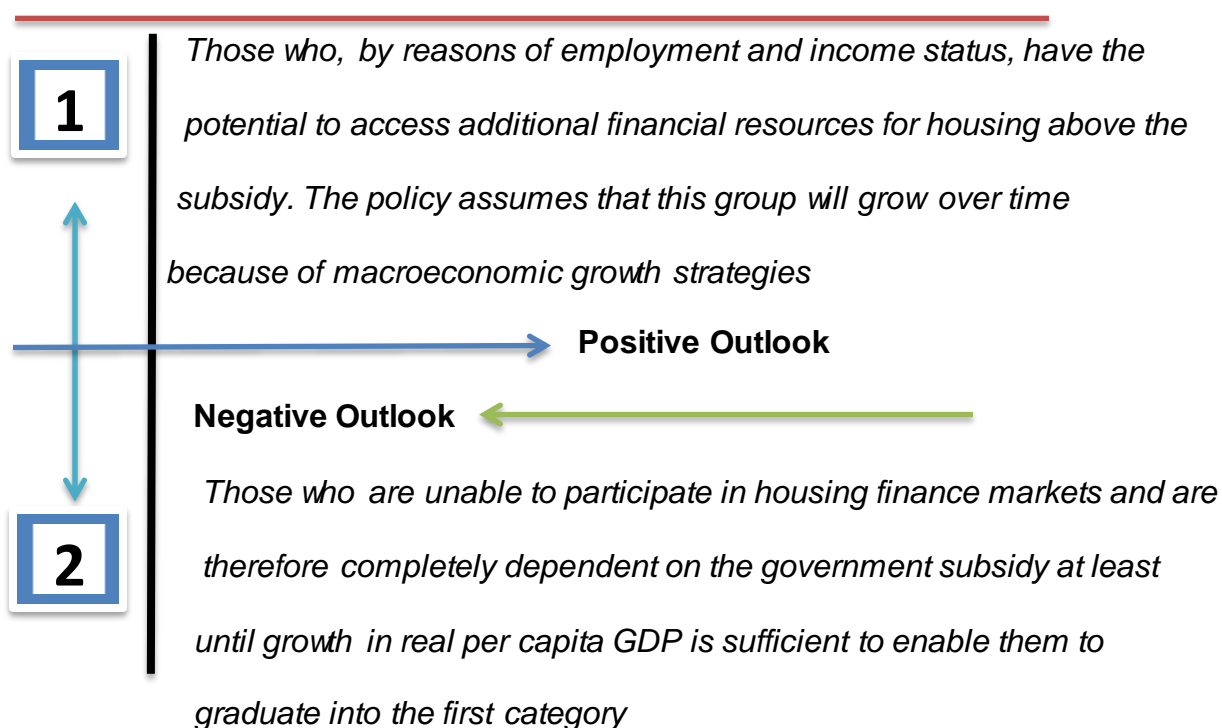
Rakodi (1999) asserts that the focus should be on 'sustainable livelihoods'. That is, analysing livelihood strategies employed by poor households in terms of asset (government-subsidised housing) vulnerability. The argument is that poverty has many more aspects than insufficient monetary income. People are not only poor because they lack income. On the contrary, lack of land and infrastructure also plays an important role in their poverty.

Some policy analysts argue that the State has been largely ineffective in reaching the poor while recognising the role of government in providing infrastructure, health and education services. The poor feel that these government interventions should go much further. What is emphasised is that households are crumbling under the stresses of poverty and households often disintegrate as men, unable to adapt to their 'failure' to earn adequate incomes under harsh economic circumstances (Choquil, 1995).

The poignant point is that the poor have little or no effective voice in major discussions that affect their lives; and this is so on two levels: general policy formulation and local policy implementation. The argument is that government departments involved in housing and poverty have little or have not demonstrated understanding of the relationship between housing, spatial human development and poverty or how their policies impact on the poor. Furthermore, government has not demonstrated a serious intention to find out what its policies are achieving or even to acknowledge the information it does have. Instead, it has tended to respond to criticism in a most unhelpful manner.

Figure 2.2 illustrates the different levels of housing affordability based on the participation of beneficiaries in the housing market versus the obligation of government to provide housing subsidies.

Figure 2.2: Illustration of subsidy beneficiaries on two broad categories



Source: Own creation based on White Paper on Housing (1994)

The government housing interventions are seen at the most as part as an integrated macroeconomic approach to poverty, in which increasing real incomes is the key element. Although institutional restructuring and state subsidies are important, South African housing policy fundamentally seeks a sustainable, long-term solution to the country's housing problem in improved macroeconomic performance. This is not only because higher real incomes mean increased effective market demand for housing, but also because the State will have more money to spend on housing (Moser,1998).

Housing policy is seen as a subordinate component of macroeconomic policy because the State is responsible for overall fiscal allocations for housing in the short-term (remedial efforts), and creating an appropriate regulatory environment for housing market in the long-term. Rankodi (1999:316) further points out that the definition of poverty has thus broadened from a simple consideration of income to include literacy and health (in 1980's) and vulnerability, powerlessness and lack of voice (in 1990's). Households constantly juggle these various assets to maximise their livelihood under changing circumstances.

The premise is that any housing outcome is better than the status quo, and that poor people living in informal settlements, a cement-block structure with tap and toilet no matter how small or poorly located, is an improvement; and at the core of this improvement is the transfer of an asset embodied in the acquired property.

Kentridge (1996:44) comments that immovable assets allow households to leverage other resources (such as credit), which can help poor people to improve monetary incomes. From this premise, it is a quick step to the conclusion that transferring free housing to a household constitutes a net asset gain with positive microeconomic and ultimately macroeconomic benefits.

On the other side, Thurman (1999:36) points out that many housing beneficiaries selling low-cost houses have created an increasing serious phenomenon. One response to resale is that it reflects households' inability to cope with rates and service charges associated with formal housing. Another is that unsophisticated first-time home owners are more likely to liquidate housing assets in times of crisis because they do not appreciate the value of retaining it. Both these arguments have some merit, but both focus on negative reasons for a household's decision to sell or abandon a government-subsidised house.

2.5.1 The Housing Subsidy- The Main Instrument to Address Legacy of Poverty and Inequality

Rightly or wrongly, the South African government views the housing subsidy as one of the 'main instruments' to address the legacy of poverty. In April 2002, for example, the South African government announced a dramatic increase in the subsidy amounts to offset inflation or increase the subsidy's rapidly declining buying power. Many social policy commentators argued that while the increase in the subsidy amounts are welcome, it may still be insufficient to build good quality low-income housing, close to job opportunities and social amenities. According to Khan (2003), the fundamental problem of the subsidy amount not keeping pace with inflation remains.

The biggest question since the 1994 housing policy reform has been can the South African government afford and sustain housing subsidies to poor people; and how can housing subsidies address poverty and inequality? Mthwecu and Tomlinson (1999) points out that about 13 million South Africans have benefited from government-subsidised housing since 1994. In the absence of data, assessing the correlations between access to adequate housing and improvement of social indicators, to logical assumption of both sociologists and criminologists is that social problems subside when more people are housed adequately.

The side benefit is that there is gainful employment in the constructive processes associated with housing provision. On the other hand, the provision of sustainable human settlements, social problems subside as houses become assets, which people protect collectively (Mthwecu and Tomlinson, 1999). The Institute for Security Studies (2009) through a research conducted found that the provision and access to adequate housing is a catalyst for development and remains the primary requirement for livelihood, e.g. shelter forms the foundation of basic needs in addition to food, water, health, education and paid work. The point emphasised here is that adequate housing and secure accommodation are central to the governments' commitment to reducing poverty and improving people's lives.

The new South African Housing Plan in 2004 (BNG), for example, aims to change spatial settlement patterns by building multicultural communities in a non-racial society; and the plan strategic focus includes ensuring the delivery of affordable housing in sustainable and habitable settlements, with priorities to:

- Accelerating housing delivery as a key strategy for poverty alleviation;
- Improving the quality of housing products and environments to ensure asset creation;
- Using housing provision as a major job creation strategy;
- Ensuring the property market can be accessed by all as an asset for wealth creation and empowerment;
- Leverage growth in the economy, integrate human settlements and promote social cohesion; and
- Using housing as an instrument for the development of sustainable human settlements in support of spatial restructuring (Mthwecu and Tomlinson, 1999:285).

The argument is that home ownership is proven to drive household wealth because a house is a tangible asset that can be passed on to generations to address asset poverty, which in the contemporary economic environment, are the building blocks of wealth.

Today house ownership has also become useful collateral for business transactions. Mthwecu and Tomlinson (1999) also point out that overall investments in housing contribute significantly to driving the global economy by as much as 20% of gross domestic product (GDP) in some countries.

2.5.2 The Notion of the Housing Asset

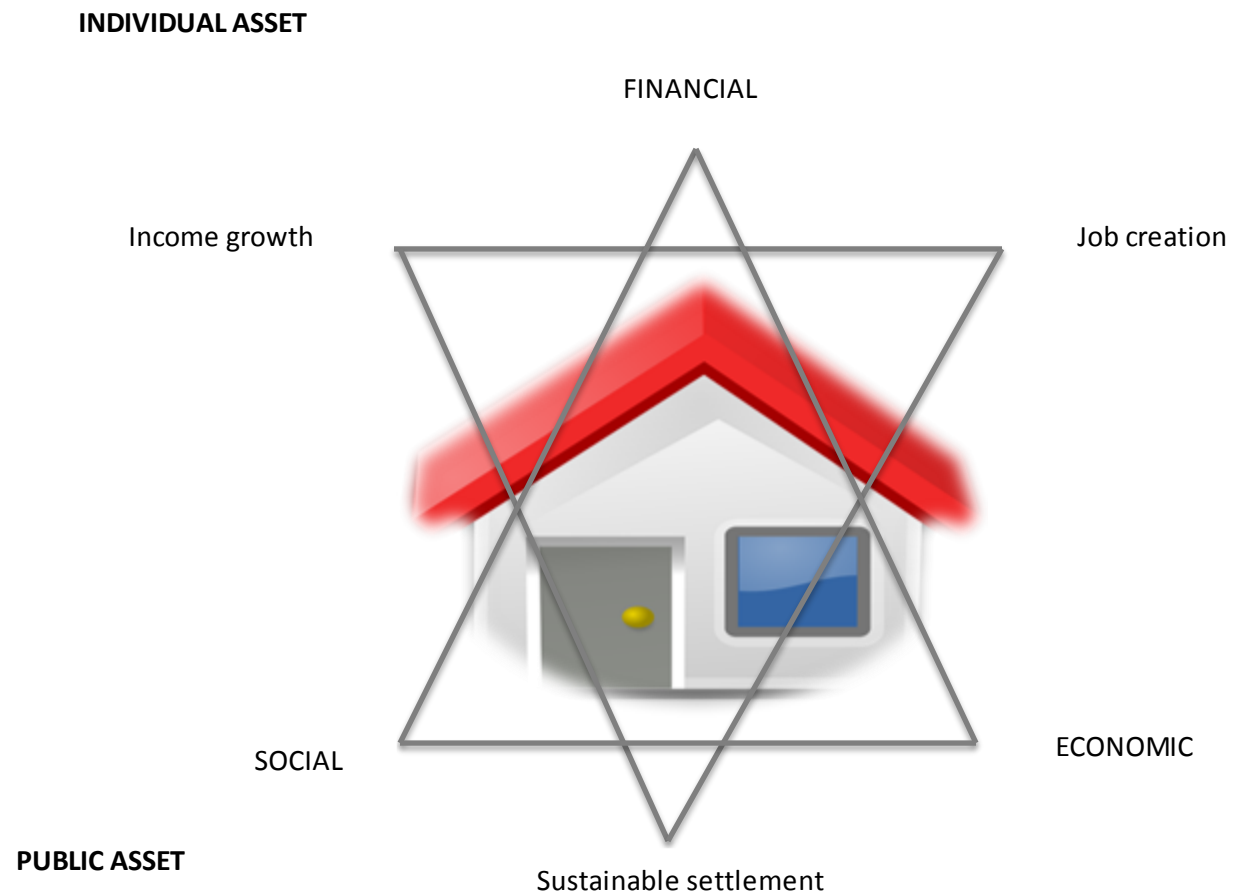
Mabandla (2003: 6) underscores that the post-1994 housing delivery programme has been important in demonstrating the distribution of a tangible asset to the poor. In this sense, it can be argued to have played a key role in establishing a degree of state legitimacy among low-income households. In addition, it is contended that 'the government housing programme is one of the few State interventions, which places a physical asset directly in the hands of households living in conditions of poverty'. In general, the programme has given access to basic services, security, and an important 'psychological need' in fostering a sense of pride and dignity in having a place to call home (Zack and Charlton, 2003).

The government's housing strategy, BNG, introduced the notion of housing as an asset. It included it as part of the new housing vision, ensuring that property can be accessed by all as an asset for wealth creation and empowerment," giving credence to a perception that the government-subsidised house can be used to create wealth by using it to access a bank loan or sell it to derive value in exchange.

The BNG strategy further posits that poverty is understood to involve three critical dimensions: income, human capital (services and opportunity) and assets. Therefore, the nature of this housing asset as argued by Zack and Charlton (2003) is not mono-dimensional. On the contrary, there may be components in which households in their efforts to sustain income can use, such as the establishment of home-based enterprise; but in many instances, as counter argument, the earning opportunity is poor.

Figure 2.3 shows the intrinsic nature of a house as an asset and the impact it has when leveraged both socially and economically in terms of the production and maintenance of sustainable human settlements.

Figure 2.3: Subsidised house as an asset



Source: Rust, 2008

FinMark Trust's FinScope Small Business Survey (2011) found that 70% of all small, medium and micro enterprises (SMMEs) in Gauteng had at least one component of their business based in their home. Shisaka (2006) found that home-based entrepreneurs in South Africa were estimated to be generating about R476m (US\$ 66 million) per month, operating in residential areas, enhancing access to services and products to resident low-income households. Their activities contribute back to economic growth as working

individuals become consumers with their additional income, creating greater demand for goods and services, and so on. This then leads to a further hidden multiplier: the role that housing plays in the production and maintenance of sustainable human settlements. While the home-based enterprise generates an income for its owner or operator, it also generates a service for the neighbourhood.

A small variety store in someone's home can mean that neighbours in the area do not need to travel by bus to buy milk. A crèche in the neighbourhood means that parents can seek work without worrying for the care of their children. A shop in front of residential property suggests pedestrian traffic throughout the day, increasing security; and so on. Furthermore, when housing is well integrated with the services and functioning of municipalities, it serves both to integrate individuals into the community (social inclusion) and as a point of engagement with governance structures (citizenship) (Shisaka, 2006).

Research in support of the house as a productive or income-earning asset has found that households use their homes productively in two ways (see Shisaka, 2006 or Gardner, 2010). A household may rent out a portion of their home - a room perhaps - as rental accommodation, or may construct an additional dwelling on their property for rental purposes. In 2006, it was found that small scale landlords in South Africa were offering well located, affordable rental housing to over 1, 8 million low-income people with an average income of R1800 (about US\$250 at the time) per month. Collectively, they earned an estimated R420 million (about US\$58, 3 million) per month or just over R5 billion (about US\$694 million) annually (Shisaka, 2006).

The other argument is that housing primarily contributes towards the alleviation of asset poverty. This contribution is to be strengthened in the new human settlements plan through supporting the development of sustainable human settlements and the development of housing assets (Shisaka, 2011). Del Monte (2005) points out that government's good intentions are laudable and great policies were made, but not implemented. Moreover, a number of legislative documents and policies arose out of the White Paper on Housing (1994). All emphasised the above points and highlighted the

need for city's reintegration and residential densification in the design of human settlements. However, these central tenets of housing policy were not implemented in the majority of subsequent housing initiatives.

2.6 THE IMPACT OF HOUSING SUBSIDIES IN IMPROVING LIVES OF BENEFICIARIES

In order to know the impact housing subsidies have in the improvement of material conditions of those who benefited, it has to be measured against the socio-economic conditions prevalent in the country. The important element is good governance in terms of what systems or strategies do government have in place or proposing to improve service delivery. In December 2009, Cabinet approved a turnaround strategy for local government. This was expected to ensure that local government has the correct management, administrative and technical skills. The strategy has been distilled into the following local government 10-point plan:

- Improving the quantity and quality of basic services for all people in terms of water, sanitation, electricity, waste management, roads, and disaster management;
- Enhancing the municipal contribution to job creation and sustainable livelihoods through local economic development (LED's) and utilising cooperatives in every yard;
- Deepening democracy through a refined ward committee system that will be based on the will of the people;
- Ensuring that municipalities have and implement reliable and credible integrated development plans (IDP's);
- Building and strengthening the administrative, institutional and financial capabilities of municipalities;
- Creating a single window of coordination, support, monitoring, and intervention to deal with uncoordinated interaction by other spheres of government with municipalities, including unfunded mandates;

- Rooting out corruption, nepotism and maladministration in the system of local government;
- Developing a coherent and cohesive system of governance and a more equitable intergovernmental fiscal system;
- Developing and strengthening a stable system of municipalities; and
- Restoring the institutional integrity of municipalities (South African Government Information, 2011).

Government set itself the target of making a positive impact on the quality of life of 500 000 households by 2014, by upgrading informal housing/settlements. The upgrade would provide households with security of tenure and access to essential services in sites that are close to socio-economic amenities. To meet its objective of sustainable human settlements and improved quality of household life, the DHS identified the following areas of priority: accelerated delivery of housing opportunities; access to basic services; more efficient land use; and an improved property market (South African Government Information, 2011).

2.6.1 Housing Indicators Related to Quality of Life

Streimikiene (2015) laments that measuring housing conditions and their effects on people's well-being is a complex task because there are very few comparable indicators. That is, an ideal set of indicators to measure housing conditions should provide information about both the physical characteristics of the dwelling. The latter include availability of electricity, water supply, indoor flushing toilets, bathroom requirements, cooking facilities, the quality of materials and construction and whether parts of the quality of life and housing dwellings are deteriorated or damaged and the broader environmental characteristics of the areas where the dwellings are located (e.g. exposure to noise, indoor pollution, etc.).

Streimikiene (2015) further points out that housing cost make up a large share of the household budget, and low-income population is often constrained by the level of resources left for other essential expenditures, such as food, healthcare and education. Therefore, high housing costs can threaten household's material well-being and economic security. They may also generate forms of housing stress that may seriously hamper relations between household's members and impair the development of children. In Table 2.2 below, the housing indicators relevant to quality of life are presented.

Table 2.2 Housing indicators relevant to quality of life

THE HOUSING INDICATORS RELEVANT TO QUALITY OF LIFE				
	Dimensions		Indicators	
Housing quality	Overcrowding rate, % ²	Housing deprivation rate by number of item, %	Share of total population considering their dwelling as too dark, %	Share of population satisfied with housing quality, %
Housing environment	Crime, violence or vandalism in the area, %	Noise from neighbours or from the street, %	Pollution, crime or other environmental problems, %	The share of population satisfied with housing environment, %
Housing expenditures burden	The housing cost overburden rate, %	Inability to keep home adequately warm, %	The share of housing costs in disposable household income, cost, %	Inability to pay utility bills, %

Source: Streimikiene, 2015

In this instance, the quality of life indicators can be used as the most general aim of sustainable development as it is intended to represent the socio-economic and environmental dimensions of sustainable development. It is important to assess the quality of life by evaluating the socio-economic and environmental indicators related to quality of life, as argued by Streimikiene (2015). In essence, the term quality of life is used to evaluate the general well-being of individuals and societies. As this is the key issue of sustainable development, it is very important to develop the system of measurement of quality of life. The term quality of life is used in a wide range of contexts,

including the fields of international development, healthcare, environment, and politics. As a result, quality of life should not be mixed with the concept of standard of living, which is based primarily on income. The standard indicators of the quality of life usually include not only wealth and employment, but also the built environment, physical and mental health, education, recreation and leisure time, crime rate and social belonging. In addition, the quality of life is tightly related with such issues as freedom, human rights and happiness.

Since the quality of life is a complex phenomenon and many of its determinants are strongly correlated with each other; and assessing the quality of life requires a comprehensive framework that includes a large number of components that allows assessing how their interrelations shape people's lives (Streimikiene, 2015). The concept of housing conditions is very broad and encompasses both the dwelling's physical attributes and satisfaction with housing. Overall, if housing conditions are good on one hand, the high housing costs on the other side constitute a major concern for households in many countries.

In context, having satisfactory accommodation is one of the most valuable aspects of people's lives and it is a major element of people's material living standards. It is essential to meet basic needs, such as providing shelter, and to offer a sense of personal security, privacy and personal space. Good housing conditions are also essential for people's health and affect childhood development.

2.6.2 Good Housing-Better Health

The large body of research reviewed above demonstrates the links between housing and health, and supports the premise that investment in good quality housing may help to improve both physical and mental health. Evidence of the cost of unsatisfactory housing also implies that investment in housing has the potential for reducing the public costs of services other than housing. However, studies of the impact of housing investment on health have not always demonstrated improvements in health and overall evidence is mixed.

Ellaway Fairley and Macintyre (1999) point out that in the process of redevelopment while it may be anticipated that improved living conditions will be beneficial to health and quality of life, the redevelopment process itself may have a negative impact on health, which can persist for some time. However, housing improvement programmes whether they involve decanting and moving, or refurbishment with residents *in situ*, are likely to cause disruption and uncertainty, which can lead to stress. Moving house and the uncertainty preceding a move can be stressful, especially for older people (Allen, 2000).

In a study entitled, “the impact of a redevelopment programme” conducted in Liverpool, United Kingdom, found that housing development, was an influential factor in residents’ mental health (Green, Gilbertson, & Grimsley, 2002; Critchley, Gilbertson, Green, & Grimsley, 2004). The key finding was that residents who found the process of renewal most stressful reported poorer mental health. Furthermore, the study found that the improvements to residents’ health brought about by moving to properties with enhanced living conditions were muted by the stresses and strains of the housing relocation may also impact on the feeling of community within an area and has been associated with an uprooting of social networks.

A research by the National Association of Realtors (2012), examining the association of self-rated health with socio-economic position showed that social mobility variables, such as the family financial situation and housing tenure during childhood and adulthood, impacted one’s self-rated health. In particular, the socio-economic disadvantage indicated by not being able to save any money or not owning or purchasing a home, is negatively associated with excellent or very good self-rated health. A similar examination, but looking at self-reported financial well-being, also showed that financial well-being depends on home ownership, the number of children, health insurance, age, and income (National Association of Realtors, 2012).

Clearly, the way in which housing improvements are carried out is important if the risk of potential negative impact on health and wellbeing is to be minimised. Allen (2000)

discovered that the degree of ‘personal control’ a group of residents felt they had during an estate regeneration programme influenced health. Most importantly, the opportunity to exercise an appropriate level of control seemed to have a clear relationship to health by helping to reduce stress. Tenant involvement in the design process may help to produce better quality housing improvements and may also benefit tenants in terms of confidence and self-esteem (Ellaway *et al.*, 1999). Good communication, tenant involvement, along with the relevant support and advice, may help to reduce the stress often associated with redevelopment (Critchley *et al.*, 2004).

2.7 BREAKING NEW GROUND: A COMPREHENSIVE PLAN FOR THE DEVELOPMENT OF SUSTAINABLE HUMAN SETTLEMENTS IN SOUTH AFRICA

In relation to improving the quality of life and standard of living, the South African government invested R27.6 billion on housing delivery between 1994 and 2004. More than 1.6 million houses were delivered, which affected the lives of approximately 6.5 million people. In light of the above, the DHS introduced the BNG strategy at the end of 2004, which is intended to guide housing development over time (Public Service Commission, 2003). The BNG Plan is required “to redirect and enhance existing mechanisms to move towards more responsive and effective delivery”, and aspires to “promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing”. Specific objectives set out in the BNG Plan include the following:

- Accelerating the delivery of housing as a key strategy for poverty alleviation;
- Utilising provision of housing as a major job creation strategy;
- Ensuring property can be accessed by all as an asset for wealth creation and empowerment;
- Leveraging growth in the economy;
- Combating crime, promoting social cohesion and improving quality of life for the poor;

- Supporting the function of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump;
- Utilising housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring;
- Promoting and facilitating an affordable rental and social housing market;
- Promoting upgrading of informal settlements; and
- Providing community supporting facilities through housing delivery (Public Service Commission, 2003).

2.7.1 Developing Quality Life-Enhancing Environments

The BNG strategy calls for the development of high performing environments with high population thresholds supporting urban activities and opportunities. A study conducted by the Public Service Commission in 2003 found that the South African urban landscape is characterised by low-density sprawling urban areas and a lack of integration of urban opportunities such as places of employment and economic activity, recreation, education and health facilities, and residential areas (Public Service Commission, 2003). A further finding is that the focus of housing delivery has been mainly on the delivery of large numbers of housing units, rather than on the creation of vibrant human settlements that encompass a range of housing types and a variety of urban opportunities and activities.

The other argument pursued in this context is that preoccupation with the single-family detached dwelling proto-type, particularly for low-income housing on peripheral locations has fuelled urban sprawl and fragmentation. Spatial integration is regarded as a critical factor to address this reality in the future (Malpass and Means, 1996). In this instance, research has also shown that area density pervades all components of the residential environment and has an array of implications for the socio-economic, environmental and strategic aspects, which shape city structure and residential areas (Laburn-Peart, 1998).

The point is that density should not be used as a static control or standard e.g. simply to calculate the number of community facilities required in a residential area. It should rather be used creatively e.g. in providing opportunities for a greater variety of residential development options in providing new building forms, which create higher densities without necessarily increasing height, etc. (Jenkins,1999).

The Public Service Commission Report on the Evaluation of the National Housing Subsidy (2003) highlights that socio-economic and political factors have complex links with density, in that physical - density affects housing layout, housing form, and city structure. Furthermore, economically urban densities affect costs of land and transportation and the ability of governments, developers and residents to afford housing. Socially, there are implications for levels of social interaction, privacy and security (Public Service Commission, 2003).

The argument advanced here is that urban dwellers are therefore able to exercise a variety of choices; they can choose to live in high-intensity environments without completely sacrificing access to privacy, quiet and nature or in lower intensity environments without totally sacrificing access to the benefits of urbanity such as high levels of service, opportunity, convenience, and interaction. Densification and compaction are vital goals in any sustainable human settlements plan as they provide the necessary complexity, diversity and intensity. More compact urban environments offer higher levels of support per facility, and therefore unit costs of social and other services are lower (Public Service Commission, 2003).

2.7.2 Supporting Sustainable Livelihoods

A constructive approach to livelihoods entails more than a narrow economic focus on production, employment and household income. It is rooted in a more holistic view, bringing together concepts of economic development, reduced vulnerability and environmental sustainability while building on the strengths of the urban and rural poor

(Comprehensive Plan for the Development of Sustainable Human Settlements, 2005).
The BNG development theory aims to do the following:

- Identify (and value) what people are already doing to cope with risk and uncertainty;
- Make the connections between factors that constrain or enhance their livelihoods on the one hand, and policies and institutions in the wider environment;
- Identify measures that can strengthen assets, enhance capabilities and reduce vulnerability. Important principles guiding a livelihoods approach should include the following:
- The approach should be people-centred and participatory.

In relations to the provision of government housing subsidies, livelihoods are about people, and therefore, analysis is based on understanding how people make their living, as a key imperative component in the creation of sustainable human settlements. According to the Comprehensive Plan for the Development of Sustainable Human Settlements (2005), the livelihoods framework has the ability to strengthen the political voice and influence of the poor, and enable them to secure full socio-economic rights. At the same time, the framework provides a way for government and other development players to develop poverty eradication policies and programmes that work. In addition, it enables all to reflect on the issues associated with sustainability and highlights the social, political and economic transformation that must take place to make this a reality.

2.7.3 Sustainable Communities

Rohe and Stegman (2007) found that low-income people who recently became homeowners reported higher life satisfaction, higher self-esteem, and higher perceived control over their lives. Similarly, Rossi, Peter and Weber (1996) concluded that homeowners report higher self-esteem and happiness than renters. For example, homeowners are more likely to believe that they can do things as well as anyone else,

and they report higher self-ratings on their physical health even after controlling for age and socio-economic factors.

Quantifiable evidence of the health benefits associated with improved housing are difficult to show. However, the importance of an increase in decent homes is linked to improved and sustainable communities, and effective in reducing crime, improving employment opportunities and educational achievement (CIEH, 2008). Research conducted in various countries has proved that having satisfactory accommodation is at the top of the hierarchy of human needs (Burns and Grebler, 1986; Kiel and Mieszkowski, 1990). According to recent Eurobarometer studies, conducted by the European Commission in 28 European countries, having a good job and adequate accommodation are viewed, on average, as the most necessary requirements for having a good life (CIEH, 2008).

To analyse housing conditions – particularly their drawbacks and merits – one must examine them both from an individual and a social perspective. From an individual perspective, insufficient housing conditions pose a threat to well-being and to further self-development. Lack of appropriate accommodation also threatens the functioning of a family and is one of the basic conditions necessary for its survival (Myers and Wolch, 1995).

Crowded accommodation, in particular, is a potentially destructive force, can lead to family disintegration and is generally harmful to the development of community ties. Unsatisfactory accommodation is also a source of an increasing number and variety of social problems. This perspective should be a major concern of social policy since it is evident that any actions taken to improve housing conditions will, at the same time, help to prevent social exclusion (Burns and Grebler, 1986; Kiel and Mieszkowski, 1990).

From the wider social perspective, the extent to which housing needs are satisfied on a national scale is an important indicator of overall quality of life and the development of sustainable communities. Limited access to housing may lead to a significant level of socio-economic and political conflict, in turn, resulting in a weakening of support for

governments. Cultural and societal patterns, as well as the aspirations they produce, as argued by Myers and Wolch, (1995); O'Rond and Henretta, (1999); and Flippen, (2004) also play an important role in the way these needs are satisfied. At the same time, the diversity of housing conditions is an indication of social differences and the level of polarisation within a particular society or community.

2.7.4 Involving Communities Meaningfully

An evaluation of the National Housing Subsidy Scheme (2003) concluded that there is a generally low level of community participation in most aspects of housing projects. As a result, decisions that are not in the best interests of the poor and vulnerable are often made. The point highlighted here is that it is essential that citizens, especially the poor and vulnerable, have access to information and opportunities to participate in decision-making at all levels, from national policy development down to local project planning.

The Public Service Commission Report on the Evaluation of the National Housing Subsidy Scheme (2003) points out that the community involvement fosters a sense of responsibility, commitment and ownership; and socio-economic and cultural issues unique to a housing project must be carefully considered in conjunction with considerations for environmental sustainability. In essence, professionals, government officials and even community representatives must respond to community needs; including creating platforms for community involvement.

2.7.5 Availability and Satisfaction of Sufficient Space in the Dwelling

Everyone has the right to adequate housing, which means more than just four walls and a roof over one's head (Streimikiene, 2015). Housing is essential to meet basic needs, such as being sheltered from extreme weather and climate; and housing is important to satisfy other essential needs, such as having a family. All these elements make a "house" a "home" and are intrinsically valuable to people.

Community involvement in this instance guarantees if not ensures overwhelming satisfaction of adequate housing provision based on inclusive decision-making, between the community and government. Adequate housing also relates to the sufficient space of a dwelling to accommodate a family. Township families consists of extended families where there is more than five people in a single unit, which suggest that government-subsidised housing units have to be big enough to satisfy people's needs in proportion to quality of life and standard of living.

Reto and Garcia-Vega (2012) found that the share of population satisfied with housing quality is a perceived indicator and also useful for assessment of quality of life related to housing. The housing satisfaction in this case may be defined as the "perceived gap between a respondent's needs and aspirations and the reality of the current residential context" (Reto and Garcia-Vega, 2012).

There is evidence that people evaluate their satisfaction with housing relative to other persons, their own past experience and expectations for the future. This subjective indicator is useful for capturing possible discontent with housing conditions in relation to unobservable circumstances that are not captured by the previous objective indicators. This indicator captures the extent to which people's perceived needs for housing services are met in practice.

Myers and Wolch (1995) argue that one major element of the quality of housing conditions is the availability of sufficient space in the dwelling. The main indicator that has been developed to describe space problems is the overcrowding rate, which assesses the proportion of people living in an overcrowded dwelling, as defined by the number of rooms available to the household, the household's size, as well as its member's ages and family situation.

As Halfani (1994) observes, some African countries are still faced with the problem of housing and overcrowding. Tipple and Willis (1991) suggest that the biggest problem is the shortage of affordable and decent accommodation for the poor. The First European

Quality of Life Survey (2003) found that this assertion depends on many factors, such as relative wealth (measured in terms of GDP, housing construction policy, the quantity and quality of newly built accommodation, including social policy regulating citizens' access to accommodation (costs, subsidies), and individual wealth and potential to invest.

The assertion above provides information on housing overcrowding, which has long been identified as a major housing problem. Having sufficient space is essential to meet people's basic need for privacy and for making home a pleasant place to be (Myers and Wolch , 1995). The argument is that too many tenants in a dwelling may also have a negative impact on children's health or school performance.

This indicator suffers from a number of limitations. First, it does not take into account the possible trade-off between the size of the dwelling, the proximity of public services such as schools and hospitals also matters to people's well-being. Sometimes households choose to live in smaller houses or apartments located in better serviced areas rather than in larger homes located in poorer neighbourhoods.

Delhey (2004) points out that the adequacy of the living space, composition and arrangement of the accommodation should reflect the life stage of individuals or families. For example, the housing needs of families with young children will differ from the needs of single or elderly people. Myers and Wolch (1996) emphasise that the size of a dwelling is largely influenced by the age and gender composition of the household. A couple with two teenage children of different gender, for example, will have different needs in terms of available space than a couple with two young kids of around the same age. Consequently, an ideal indicator of the available space per person in a dwelling would refer not just to the number of rooms available but also to their overall size (e.g. the number of square meters per person).

Reto and Garcia-Vega (2012) maintain that individual housing satisfaction can be used as an ordinal measure of true housing satisfaction, although cultural norms may influence people's perception of satisfactory housing. Materu (1994) suggests that a housing

programme can be instrumental in developing savings and releasing unproductive capital into the economy. According to Drakakis-Smith (1996), governments' failure to meet housing challenges is a result of organisational inability of the public sector to carry out policy decisions; and the desire replicate the West's building technology has led large-scale imports of materials, making house construction expensive and beyond the reach of the poor, even when subsidised.

2.8 HOUSING FINANCE

Housing finance is an integral part in terms of successfully providing housing subsidies by the government; and without it, the difficulty would be non-implementation of planned policies and programmes, therefore failing to achieve intended goals and objectives in the housing delivery. The national, provincial and local governments have come to accept that it is not possible for the state to finance the housing needs of the majority of the population entirely on its own. South Africa's housing subsidy scheme promises 60% of the national population eligibility to receive a subsidised house; which has proven that it is not a sustainable proposition into the future (Financial and Fiscal Commission, 2012).

The housing finance is a critical instrument in the delivery of low cost housing in the context of providing government subsidies. Over a period of time, particularly in Gauteng, it has been proven that the provincial and local government were claiming that housing allocations, in the form of grants by the national government were not enough to eradicate or significantly reduce the housing delivery backlog, and at the same time achieving the developmental goals as set forth. On the contrary, it has been reported that both the provincial and local government do not entirely spend their allocated budgets in housing, citing various reasons. One of the reasons is challenges regarding planning and land availability (Reto and Garcia-Vega, 2012).

2.8.1 Funding Issues and Subsidy Schemes

The weakness of the current subsidy scheme is evident from all the case studies where cost emerges as a major constraint for both better-located and higher-density housing in South Africa. This is on the basis that if urban restructuring is to be taken seriously, then considerably more resources need to be allocated to housing (Shisaka, 2011). Khan (2003) elaborates that the subsidy scheme needs to be reformed to permit higher-density housing within the context of facilitating and improving access to well-located land, but this will certainly increase expenditure per housing unit, unless funding is directed only to site development costs.

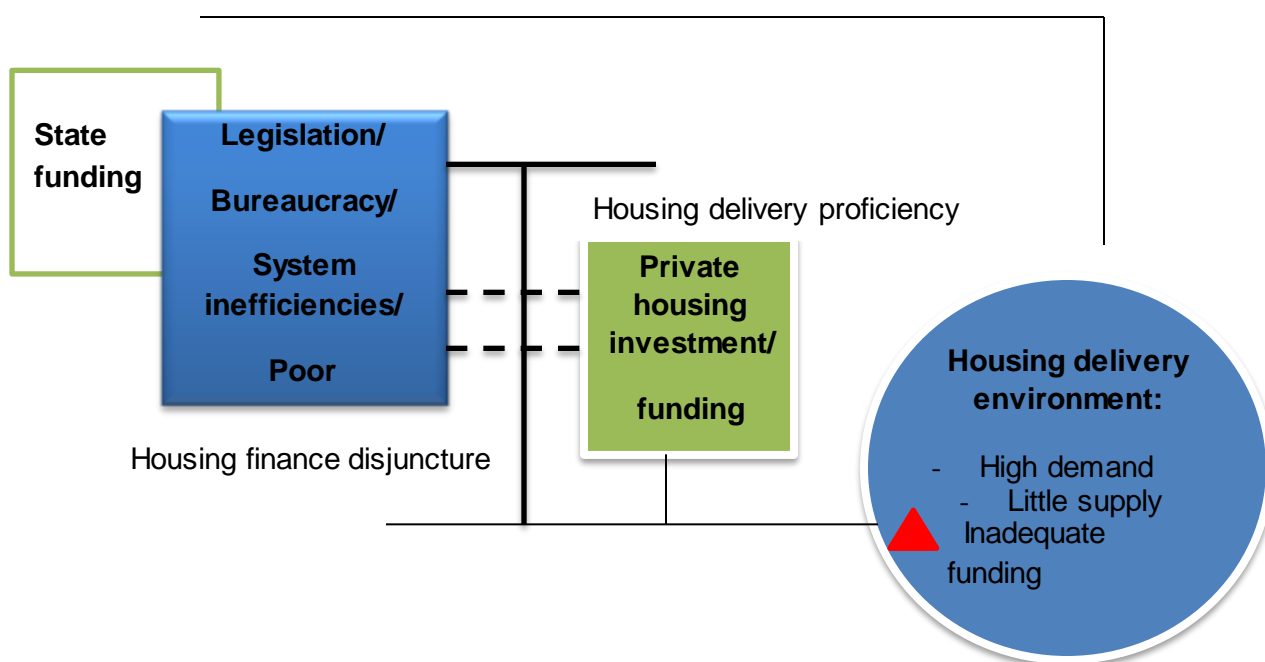
On another level, the structure of the subsidy schemes will have to be reformed to support the aims of urban restructuring. In terms of the South African national norms and standards, only 50% of the subsidy can be used on site development; which make it impossible to finance the higher land costs involved in developing well located housing (Khan, 2003). However, it is important to acknowledge that the South African government subsidy programme was designed as the main state-sponsored intervention to promote end-user affordability through providing up-front capital subsidies.

In a broader context, it is argued that expenditure on housing can have dramatic effects on job-creation and the quality of life of the poor, as housing policy is closely linked to both the macro-economy and social welfare. Therefore, increased investment in housing can contribute to economic growth and job creation. **Figure 2.4** demonstrates the disjuncture between the housing finance from the State and provision of housing using subsidy schemes. This suggests that there must be integration between the different funding sources to enable the provision of integrated living environment.

In view of the above, the housing policy should have two key objectives, which is to improve the efficiency of the market by removing obstacles, that prevent the private sector from increasing the supply of affordable housing, and to ensure that those who

cannot afford to buy or rent housing produced by the private sector are housed adequately. This suggests that it is important to allow the private sector to have an increasing role in housing provision and improvements. Keles (1990) argues that the private sector plays a major role in house construction in many countries, not only for rental, but also for purchase by households as owner-occupied dwellings. In some cases, the private sector has moved into the housing market because of government failure to provide the services (Arrossi, *et al.*, 1994).

Figure 2.4: Illustration of disjuncture between the state funding and housing delivery



Source: Own creation, 2017

Smith (2000) maintains that other problems with the housing subsidy programme include an insufficient and uneven flow of funds, poorly coordinated and inequitable subsidisation, and the value of the subsidy not keeping pace with inflation, and the complicated subsidy approval and pay-out mechanism. There are also problems with targeting and with the affordability of the on-going costs of subsidised housing (Smith, 2000).

There are other challenges related to the housing subsidy programme, as Mthwecu and Tomlinson (1999: 292) put it “the rapidly diminishing ability of the subsidy to bridge the financial gap between income and housing costs is a major contributor to poor development outcomes”. For example, the income-graded subsidy is the main instrument of the housing programme. This type of subsidy is regarded as progressive and broadly in accord with World Bank principles (UN-Habitat, 2003). There have been significant problems experienced with the subsidy programme, which, *inter alia*, are:

- The bundling together of tenure, infrastructure and top structure into a non-inflation indexed subsidy that privileges width over depth, not only compromises the quality of the product and the location of the housing, with implications for the development of secondary markets and broader issues related to redressing the spatial imbalances of the past. It also sets up tensions between individual and collective interest, that is,, that is, cash-strapped municipalities demand minimum standards of infrastructure to reduce maintenance expenditure while residents seek to maximise personal assets (house size and high quality internal services (CSIR, 1999).
- The subsidy criteria exclude individuals without dependents (e.g. elderly single persons with dependent adult children) or those choosing to live alone (single women) (CSIR, 1999).

Government argues that housing delivery has improved over the years in South Africa. However, it falls short of meeting new demands and backlogs. On the other hand, macroeconomic choices perpetuate housing delivery that is neither supportive of job creation, nor sustainable settlement development. Housing policy and practice, as Baumann (2003) argues, it may be contributing to increased poverty and vulnerability; and from this perspective, increasing the budget and public spending could do a great deal more harm than good (Dewar, 1999). Robinson, Kirsten and Adlakha (1999:56) summarise that in terms of the alternative approach, housing financing and service delivery, a subsidy scheme should be informed by the following principles:

- It must be aimed primarily at providing adequate housing conditions for the poor, and secondary, at assisting those who cannot secure access to affordable financing.
- It must be transparent with no hidden subsidies (Robinson, *et al.* 1999).

2.9 THE HOUSING SUBSIDY SYSTEM (HSS)

The importance of the HSS is that the housing programmes are administered through a particular system, in this case HSS. The HSS is managed by the national department but it is used by provincial departments and accredited municipalities to administer housing projects and subsidy applications (National Housing Policy, 2010). Tineke Lambooy and Yulia Levashova, (2012:16) report that the nine provincial Human Settlements departments that rely on funding for housing projects from the Human Settlements Development Grant (HSDG) have the information regarding the beneficiaries (also the next of kin) for each house in all the housing projects. This includes the project number, the budget and other relevant information. Therefore, in essence, the HSS helps to utilise the received information for reporting purposes and prevents the duplication of capturing activities. Most importantly, the HSS is supposed to be a part of the “checks and balances” approach, which helps to detect problems and track progress of the housing delivery projects.

In this regard, the HSS has been developed and is maintained mainly as an operational and administrative tool for the administration of the National Housing Programme. In summary, the HSS is used for, registering and administration of housing projects approved by the provincial Member of the Executive Committee (MEC). Most importantly, capturing and management of applications to access a housing subsidy and processing the management of project progression payments. In addition, the Housing Subsidy System also facilitates the capturing of applicants to receive a housing subsidy based on the qualification criteria of the various housing programmes. The latter include management of approved housing projects based on the rules and requirements of the various housing programmes; and updating and maintaining delivery information to

ensure measurement of expenditure against stated delivery (National Housing Policy, 2010).

The National Housing Code (2009) further outlines the notable aspect of the housing subsidy process in that the mandatory use of the HSS is for the capturing and management of subsidy application and the management of approved housing development projects as prescribed by various National Housing Programmes. In terms of the subsidy management process, the expectation is that there has to be effective and efficient tracking of individual applications submitted for approval to receive a housing subsidy. These include monitoring the status of an application from application until delivery of a product, including the determination of a subsidy amount for each applicant according to qualifying criteria.

2.9.1 Housing Subsidy Administration Process

A beneficiary may only receive the subsidy once, except where the scheme allows for deviations from this provision. The HSS has an incremental approach in that it provides a household with an opportunity to move into a house without debt. Further improvements can then be made as the household's financial position improves. The National Housing Code in Chapter 2 of Part 3 provides a set of general rules in order to establish eligibility criteria, including the value of the subsidy and how the subsidy should be used. In accordance with the provisions of the South African National Housing Code, a particular process needed to be followed prior to the construction of houses and allocation of housing units devoid of corrupt practices (Rose-Ackerman, 1999).

Several studies show that corruption leads to economic inefficiency and waste because of its effect on the allocation of funds, on production and on consumption (Rose-Ackerman, 1999). In South Africa, the first decade of democracy (1994-2004) has been characterised by a growing public outcry about allegations of corruption within government institutions. The practice may yield different results, which could give rise to many incidents of irregularities in the actual administration of these subsidies and delivery of houses to

intended beneficiaries. There could also be room for systems manipulation, which may explain why there were these incidents, particularly lingering on corruption, which suggests a deliberate act to achieve a particular outcome.

Mulgan (2000) asked then that, if there were incidents where the HSS was not administered accordingly; and the process of housing delivery and allocation was flawed with inconsistencies, then where could the weaknesses be originating from, and whether the processes were deliberately botched to render the system ineffective. The reality is that the vastly documented incident of irregularity in the government-subsidised housing delivery and allocation is related to corruption. In South Africa, the word corruption is used to refer to a dishonest, prone to being bribed, fraudulent or dishonourable action by a political office-bearer, public official or other person.

The statistics revealed by the African edition of the Global Corruption Barometer (GCB) in 2015 where key findings are that corruption is on the rise; most governments do not meet citizen's expectations in fighting corruption and many people feel helpless in fighting corruption. Moreover, the survey found that 83 percent of South Africans believed that corruption was increasing and 79 percent believed that government was doing a poor job in combating corruption (People and Corruption: Africa Survey-GCB, 2015).

2.9.2 Good Governance in Administering Housing Subsidies

The argument is that when incidence of maladministration and corruption in housing subsidy management and transactions are prevalent, it is appropriate to ask whether government governance systems are future proof and able to anticipate system manipulation and abuse. It is acknowledged that government made considerable progress in transforming the State machinery and in improving policy coordination across all government spheres in South Africa with strong representative democratic institutions. In context, the application and maintaining of good governance principles is intended to create and sustain an environment where socio-economic prosperity is promoted in terms of creating employment and alleviating poverty. So, the BNG housing policy is, for

example, supposed to instil values of good governance to leverage the administration of subsidies to yield or raise the traded value of house ownership (subsidy housing), and to encourage beneficiaries to see value in their housing asset.

Huchzermeyer (2003:40) laments that good governance includes, among other things: a sound macroeconomic framework that encourages efficient and productive domestic investment. Building institutions that foster participation and accountability at all levels. The main argument by Huchzermeyer (2003) is that access to housing assets provides socio-economic stability as well as a stronger basis for income generation. Current development programmes in South Africa revolves around land, housing and community infrastructure; but a critical issue is to ensure that land reform is linked more coherently to the creation of livelihoods for the poor. Therefore, the essence of good governance requires an understanding of how to ensure sustained human settlements and creating systems that protect the poor in terms of beneficiation.

2.10 THE CURRENT SUBSIDY STRUCTURE

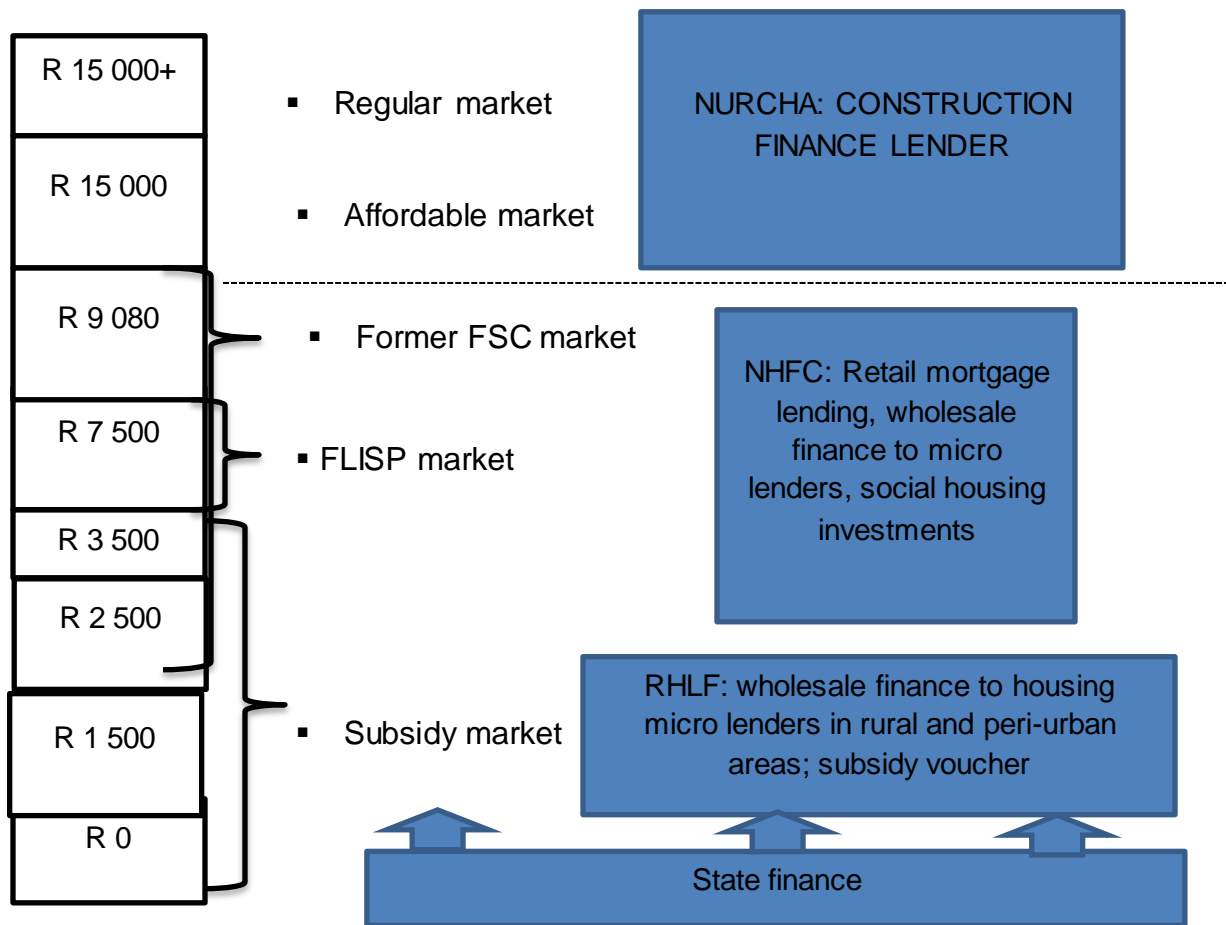
In an effort to improve the delivery of housing units and dispense subsidies to extend the footprint broadly and quickly, many municipalities, particularly the metros have applied for accreditation to enable them to receive the funding directly from the national government and manage subsidies including housing developments. The current subsidy structure permits a municipality to receive a housing budget from the national government through the province; which poses some challenges.

2.10.1 Challenges and Issues with the Current Subsidy Structure

The Financial and Fiscal Commission: Report on the Public Hearings on Housing Finance (2012) found that the current subsidy scheme presents a “one-size-fits-all” approach where all households earning less than R3500 per month can apply for a government-subsidised house. This market segment makes up 60% of the South African population (Financial and Fiscal Commission, 2012). Figure 2.5 depicts the current finance

arrangements in terms of distribution of housing subsidies within the government structures.

Figure 2.5: Current housing finance arrangements



Source: CAHF, 2011

The argument is that within this 60% of the population, there is enormous diversity both in terms of housing need and affordability. In essence, households are in different family life stages that create a breadth of demand that the current subsidy policy does not acknowledge. The other challenge highlighted is the time associated with obtaining a housing subsidy; implying that the application process is laborious and many developments experience delays (Financial and Fiscal Commission, 2012).

Kecia-Rust (2006) contends that the delivery emphasis on the “RDP” core housing type is drastically, perhaps, the negative impact on the profile of State delivery method. This is because the credit-linked subsidy option never really worked, virtually all “RDP” housing subsidy delivery was targeted at the very bottom end of the scale – , that is, the delivery of the “RDP” house at a presumed value of about R36 000 (Kecia-Rust, 2006). Housing of slightly better value, which might have been affordable to households earning between R1500 and R2500, or to those between R2500 and R3500, was never developed. As a result, all subsidised housing delivery conformed to the national minimum norms and over-indebtedness (Kecia-Rust, 2006).

The Black Economic Empowerment (BEE) Act, which led to the signing of the Financial Sector Charter, resulted not only in a commitment by the financial sector to invest R42 billion in low-income housing before the end of 2008, but also in the sudden accessibility of all forms of credit (most notably credit cards and store cards) to low-income earners. Recent research done by Pearson and Greeff (2006) found that this has put a strain on the debt profiles of low-income earners and compromised their affordability for housing. While this is not directly a consequence of the housing finance strategy, access to credit generally undermines the ability of households to afford access to housing finance.

The research done by UN-Habitat (2003) shows that the core subsidised ‘product’ is expected to be the same for all housing beneficiaries, bearing in mind that the amount of the subsidy itself would be determined by the product to be produced rather than the amount of the subsidy or the income of the households. There has always been a need to essentially analyse how the different types of subsidies fit together, where the leakages are, and who captures the subsidies, often with the purpose of reforming the housing subsidy systems. Such studies are in a position to make abundant use of public finance criteria to assess the performance of housing subsidies. It is generally possible to assess the “quality” of particular types of housing subsidies based on simple notions of use of public finance.

2.11 THINKING OF THE POOR IN HOUSING DELIVERY

Government's human settlement development mandate emanates from the Constitution (1996). This suggests that it is government's duty to work progressively towards ensuring that all South Africans have access to the security of tenure, housing, basic services, facilities, and infrastructure on a progressive basis. According to the provisions in the National Housing Code (2009), security of tenure remains a fundamental principle of the National Housing Programmes. This is in the context that all beneficiaries of a housing assistance programme must acquire and secure tenure either in the form of ownership, leasehold, deed of grant or formal rental arrangements and related non-ownership forms of tenure.

A report published by the Public Service Commission in 2003, entitled "*The Evaluation of the National Housing Subsidy Scheme*" pointed out that the effect of government housing subsidies can be measured on whether the housing development can be used as a driver of economic development in poorer areas. A question would be whether beneficiaries, through receiving a house, have benefited in terms of improved access to economic opportunities (Public Service Commission, 2003).

A contrasting argument, as pointed out in Thakral (2016), in an attempt to evaluate the impact of government housing subsidies, is that the existence of low-income housing subsidies is political. The main efficiency argument for the efficiency and equity performances of particular types of housing subsidies have been for a long time received little attention. Therefore, it should be remembered that the National Housing Policy through the subsidy programme was intended to meet the following specific objectives:

- Accelerating the delivery of housing as a key strategy for poverty alleviation;
- Utilising the provision of housing as a major job creation strategy;
- Ensuring that land and housing can be accessed by all as an asset for wealth creation and empowerment;

- Leveraging growth in the economy;
- Combating crime, promoting social cohesion and improving the quality of life for the poor; and using housing delivery as an instrument for the development of sustainable human settlements, in support of spatial restructuring (National Housing Policy and Subsidy Programmes, 2010).

2.11.1 The Accountability Dilemma

The biggest response expected by a citizenry when there is a policy or service delivery failure, is full accountability by politicians and/or bureaucrats. The irony is that in modern democracies, there is little or no accountability when something goes wrong, except for excuses and issuing of defensive statements. This experience (research shows) has created frustrations and a dilemma in many constituencies, particularly in South Africa.

The Corruption Watch Report (2012) revealed that the media frequently highlights what was deemed to be unacceptable, corrupt or immoral practices by public servants and politicians alike, including in relation to tendering processes, nepotism, irregular allocation of houses etc. (Corruption Watch Report, 2012). The reports concluded that approximately 22 651 housing sites investigated in Gauteng revealed that many of the transactions into subsidy funds amounting more than R19 million were improper, and it was found that the Housing Department wrongfully made payments and overpayment to some developers, usually amounting to millions of rands (SAPA, 2012).

According to the Corruption Watch (2012), reports linked to the allocation process make up 24% of all housing cases. The same percentage of reports was of members of the public alleging officials were selling houses and then pocket the money. The former Public Protector, Thuli Madonsela in 2012, revealed that she had received almost 2 000 reports directly related to maladministration in the 'RDP' housing sector. Her Office travelled around the country in 2012 to consult with communities. Among the common complaints, they heard were illegal occupation, the lengthy process of removing illegal occupants once they had been identified, and public officials either selling houses or allocating them

to their friends or families (SAPA, 2012). Based on the Corruption Watch Report (2012), the confirmation is that there were still weaknesses in the housing subsidy administration; and the Housing Subsidy System (HSS) was still open to manipulation and abuse, despite the introduction of new measures to deal with corruption in Gauteng. To further illustrate this point, in 2009, a national audit task team appointed by the DHS recovered R44-million and arrested 1 910 government officials who were illegally benefiting from housing subsidies (BuaNews, 2012).

The Auditor-General on the other hand highlighted allegations of irregularities in the Gauteng Housing Subsidy Scheme, in his 2010/11 report. The Special Investigation Unit (SIU) in terms of Proclamation R53 of 1999, in the same period, was mandated to investigate allegations relating to individual subsidies; conveyances; and general complaints received by the Unit (SAPA, 2012).

2.11.2 Government Subsidy ‘Dependency Syndrome’

The former President, Thabo Mbeki, captured the required ‘behavioural reorientation well in his address at the Habitat for Humanity function in 2001: *“Government has been encouraging our people to be active participants in the process of development, rather than being docile recipients of government’s benevolent delivery; we need people who see government as a partner in their own development, rather than as a godfather that brings manna from heaven”* (UN-Habitat, 2003).

On the other hand, the former South African Minister of Housing in 2004, Ms Lindiwe Sisulu, was quoted saying that “combating a ‘dependency syndrome’ beneficiaries have to contribute to the offering of a house to cultivate a sense of ownership, foster self-sufficiency, reduce the burden on state coffers and help speed up the rate of delivery” (Rust, 2012). The argument is that the introduction of the mandatory pre-qualification contribution by households constituted a sweeping departure from the situation wherein the housing subsidy was considered an entitlement. According to UNHabitat (2003), when

housing ceases to be an entitlement, shifts in the housing strategy and subsidy regime may allow greater scope for diversifying the vehicles of housing development.

The implication is that the lowest household income categories will be obliged to contribute either 'sweat equity' or saving before assessing a house. In other words, to secure a subsidised house, households would have to contribute certain inputs according to their income level (UN-Habitat, 2003). Porteous and Naicker (2003) argue that unless effective demand for housing is understood first, the risk is that the problem of lack of income, or more generally poverty would be confused with the problem of a lack of finance. Housing finance itself cannot directly solve the problem of lack of income, nor can it directly address the price of housing; but it has to address the availability of housing finance at various levels of income.

2.12 Summary

The key argument advanced in Chapter 2 is that targeted intervention plans, such as BNG plan, for the development of sustainable human settlements in South Africa in proportion to the provision and sustenance of government housing subsidies should result in maximised leverage. Specifically, the government should utilise housing subsidies to provide a decent and adequate shelter to the poor without compromising their well-being as far as development is concerned. That is, successful poverty reduction strategies must address a whole range of issues, including creating an impact in the living conditions in terms of improving the quality of life and standard of living.

As resources are limited, it is crucial to select and target interventions in ways that will have the greatest impact and reduce poverty and vulnerability for the most people. Therefore, reflective practices in policy formulation can improve the quality of analysis and interventions, including providing a useful framework for monitoring the impacts of development initiatives envisioned by the government or State. The succeeding chapter presents the research design and methodology employed in the study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

The purpose of this chapter is to outline the research design and methodology of the study in terms of data collected and collated. According to Creswell (2003) the distinction between qualitative research and quantitative research is framed in terms of using words (qualitative) rather than numbers (quantitative), or using closed-ended questions (quantitative hypotheses) rather than open-ended questions (qualitative interview questions). That means a complete way to view the gradations of differences between them is in the basic philosophical assumptions researchers bring to the study, the types of research strategies used in the research (e.g., quantitative experiments or qualitative case studies), and the specific methods employed in conducting these strategies (e.g., collecting data quantitatively on instruments versus collecting qualitative data through observing a setting) (Creswell, 2003).

In this study a convergent mixed method approach is used because a case study on Alexandra Township is utilised in a narrative form; and a non-experimental design, a survey is employed to collect data. This approach, a researcher collects both quantitative and qualitative data. In this instance qualitative data assumes a form of observations, documents, and records kept by government authorities. Creswell (2003) confirms that the qualitative data can be instrument data, observational checklists, or numeric records, such as census data, as discussed. The key idea with this design is to collect both forms of data using the same or parallel variables, constructs, or concepts. The interpretation in the convergent approach is written into a discussion section of the study. Validity using the convergent approach is based on establishing both quantitative validity construct and qualitative validity triangulation (Creswell, 2003).

Wessels, Pauw and Thani, (2009) maintains that qualitative research design varies depending upon the method used; participant observations, in-depth interviews (face-to-face or on the telephone), and focus groups are all examples of methodologies which may be considered during qualitative research design. Although there is diversity in the various qualitative methodologies, there are also commonalities between them. Qualitative research aims to provide an understanding of how or why things are as they are. For example, a Market Researcher may ask a group of mobile phone users to explain how they chose their tariff product and why they chose that one. This discussion may cover how they use their phone, how they get information on mobile phone tariffs, how they select a supplier and other things besides. Unlike quantitative research there is no fixed set of questions but, instead, a topic guide or discussion guide is used to explore various issues in depth. In qualitative research the discussion between the interviewer or moderator and the respondent is largely determined by the respondent's own thoughts and feelings. The interview tends to be longer than a quantitative interview and fewer interviews are conducted. It against this background that definitions and differences of these research designs are outlined:

Qualitative research is an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data typically collected in the participant's setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data. The final written report has a flexible structure. Those who engage in this form of inquiry support a way of looking at research that honors an inductive style, a focus on individual meaning, and the importance of rendering the complexity of a situation (Creswell, 2003:32).

Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. The final written report has a set structure consisting of introduction, literature and theory, methods, results, and discussion. Like qualitative researchers, those who engage in this form of inquiry have assumptions about testing theories deductively, building in

protections against bias, controlling for alternative explanations, and being able to generalize and replicate the findings (Creswell, 2003:32).

Mixed methods research is an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. The core assumption of this form of inquiry is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone (Creswell, 2003:32).

According to Fowler (2008) survey research provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. It includes cross-sectional and longitudinal studies using questionnaires or structured interviews for data collection—with the intent of generalizing from a sample to a population. On the other hand, case studies are a design of inquiry found in many fields, especially evaluation, in which the researcher develops an in-depth analysis of a case, often a program, event, activity, process, or one or more individuals. Cases are bounded by time and activity, and researchers collect detailed information using a variety of data collection procedures over a sustained period of time (Stake, 1995 and Yin, 2012).

3.2 RESEARCH DESIGN

The researcher uses a research survey and case study on Alexandra Township to give context to the research. Recognised as a tool in many social science studies, the role of case study method in research becomes more prominent when issues with regard to education (Gulsecen and Kubat, 2006), sociology (Grassel and Schirmer, 2006) and community based problems (Johnson, 2006), such as poverty, unemployment, drug addiction, illiteracy, etcetera are raised. Through case study methods, a researcher is able to go beyond the quantitative statistical results and understand the behavioural conditions through the actor's perspective. By including both quantitative and qualitative data, case study helps explain both the process and outcome of a phenomenon through

complete observation, reconstruction and analysis of the cases under investigation (Tellis, 1997). Through an interpretive case study, the researcher aims to interpret the data by developing conceptual categories, supporting or challenging the assumptions made regarding them.

3.3 RESEARCH METHODOLOGY

A mixed method research design was used in this study. Tashakkori and Creswell (2007) and other proponents of mixed methods argue that the design encompasses more than simply combining qualitative and quantitative methods but rather reflects a new “third way” epistemological paradigm that occupies the conceptual space between positivism and interpretivism. The use of both quantitative and qualitative methods is to improve an evaluation by ensuring that the limitations of one type of data are balanced by strengths of another. The purpose is to use qualitative data to understand unanticipated results from quantitative data and on a basis of triangulation, verify or reject results from quantitative data using qualitative data or vice versa. Lastly, the mixed method will enrich the study by using qualitative work to identify issues or obtain information on variables not obtained by quantitative survey.

A survey method for collecting, processing and analysing data was used in this study. These include both primary and secondary sources of data. That is a combination of interviews and document analysis in reference to academic material, official documents, reports and articles. The data are disaggregated to the Alexandra Township, forming a systematic statistical evaluation and analysis of available data in proportion to a number of beneficiaries that benefited from the government housing subsidy scheme. The researcher collected data from approximately 400 participants.

3.3.1 Data collection method and technique

A quantitative research method was used to collect data. A questionnaire was administered with the aid of a CAPI system. It has been characterised as a personal interviewing technique because an interviewer is usually present to serve as a host and to guide the respondent to complete the questionnaire (Bryman, 2015). Instead of collecting data on paper questionnaires, the CAPI system allows interviewers to use portable electronic devices (such as a tablet, cell phone or computer) to enter data directly via a keyboard (Bryman, 2015). This system allows for instant data capturing that is accurate and saves time, as opposed to pen-and-paper surveys that need to be captured into a computer form (Bryman, 2015).

3.3.2 Sampling

For the purposes of this study, a multi-stage sampling process was used. The initial selection is of clusters and the subsequent selection is that of the respondent. The first sampling method used was cluster sampling to choose the areas or extensions of a township. Cluster sampling is a probability sampling method in which the population is divided into naturally occurring groups, called clusters (Bryman, 2015), such as the different extensions of a township.

The second sampling method was a random walk procedure, which was used to select specific households within each extension or area. This procedure is a basic cluster sampling method developed by the World Health Organisation (WHO) and originally used it in the Expanded Programme on Immunisation (EPI) (see Bennett, Woods, Liyanage, and Smith, 1991; Henderson and Sundaresan, 1982; Lemeshow and Robinson, 1985). The random walk procedure was used to:

- Select qualifying individuals within the households;
- Reduce the chances of bias because of erroneous selection of households. This increases the randomness of the study since there is a systematic way of

selecting households that qualify to be in the study, adjacent households were not selected into the study, as there is a perception that social dynamics and norms tend to be similar among very close neighbours.

In terms of fieldwork, once the field supervisor and team entered the area, they identified a starting point within the informal settlement. Using a random walk procedure, for example, take the first road right, interview at the fourth dwelling and continue down the road, then interview at the next fourth dwelling on your right etc.

3.4 ANALYSIS SAMPLE

Initially, the sample numbers in terms of grouping were higher than what is indicated on the final sample size. This is because of financial and logistical difficulties. However, the achieved sample size is adequate based on credibility, validity and reliability. Furthermore the principle of triangulation or cross tabulation of data remain in tack in this study; and the data collection was done by Quest Research Services (Pty) Ltd, which is a highly rated company and experts in the field. The researcher was equally involved to ensure acceptable quality of standards in the process. The analysis sample was restricted to those who met four criteria:

- They were legitimate homeowners (meaning a subsidy and house recipient whose name is on the housing subsidy system-database).
- They were 21 years and older (because government housing subsidy eligibility is 21 years and older).
- They have signed a valid house acceptance letter (because only a beneficiary with signed happy letter can be issued with a house).
- They are permanently in the government-subsidised house (because many of these housed were sold to third parties, so statistical match is based on data from the HSS).

The data were analysed and directly compared by means of standardisation, which all variables have the same scale and deviation: $\mu=0, \sigma=1$. In the survey, the researcher extrapolated data from secondary sources that shows the feedback from unsubsidised, and comparison group (public/rental living in informal settlements or backyard rooms) in the Alexandra Township.

3.5 DESCRIPTION OF DATA

The study used existing (organised) data set combination, survey and administrative data to investigate the cross-sectional impact of government housing subsidies on a broad range of outcomes relating to dependency. The aim was to produce a credible comparison group by matching on the same variables (that is, household composition and receipt of government housing subsidy) as the outcomes to be examined. The data set used in the study was obtained from the Gauteng Provincial DHS, Alexandra Urban Renewal Project. The data analysed covered a period from 1995 to 2012.

3.6 RELIABILITY AND VALIDITY OF THE RESEARCH

Reliability is measured by the consistency of tools used. For instance, if a scale shows the same weight every time it is stepped on, it can be deemed to be reliable (Centre for Research, 2016). The same can be concluded about a car that starts every time it is driven. Therefore, it is very important that the survey results of the study are reliable. Validity was created by Kelly in 1927 who argued that a test is valid only if it measures what it is supposed to measure. Validity could be of two kinds: content-related and criterion-related. Validity could also be internal (the y-effect is based on the manipulation of the x-variable and not on some other confounding variable) or external (ecological – generalize study results to other settings, population findings to other people, and historical – generalize results over time) (Centre for Research, 2016).

3.6.1 Reliability of the Research

To test validity and reliability, the researcher ensured that the instrument used to gather data measure what is intended to be measured, and performs as it is designed to perform. This was done by not changing the measurement method (or its administration) during a study so that it does not affect what is measured. Furthermore, to increase internal and external validity, randomisation was applied. The use of a research design and statistical analysis are appropriate to the types of data collected, and the question(s) the researcher (s) is trying to answer. Therefore, to ensure validity and reliability, the survey questions are concise and clear without ambiguity. In this case, the respondents understood the question, and were asked about issues that they know and can clearly recall, with more relevance to them.

3.6.2 Validity of the Research Instruments

The questions on survey questionnaires and interview schedules repeatedly produce the same response regardless of when the survey is administered or whether the respondents are men or women; and without bias in the data collection instrument. The use of triangulation in the study is to promote confirmability to reduce the effect of researcher bias. In addition, detailed methodological description enables the reader to determine how far the data and constructs emerging may be accepted; and critical to this process is the “audit trail”, which allows the observer to trace the course of the research step-by-step.

3.7 ETHICAL CONSIDERATIONS

A simple definition of ethics is “a set of principles of right conduct - a theory or system of moral values” (Bryman, 2015). The researcher noted that a research that involves human subjects or participants might raise unique and complex ethical, legal, social, and political issues. Proper steps were taken to adhere to the following ethical considerations in the course of this research; follow a required process of obtaining informed consent by written

requests to relevant parties, that is, Alexandra Urban Renewal and Gauteng DHS. To protect confidentiality in terms of protecting participants paper-based records by limiting access to the data and where will it be retained:

- Minimise risks of the procedures, which participants may or will suffer as well as the level of risk by assuring and explaining to participants any discomfort, pain/physical or psychological problems/side-effects, persecution, stigmatisation or negative labelling that could arise during the course or as an outcome of the research undertaken;
- Sought voluntary participatory consent from the participants and ensuring that no underage children participate in the survey without parents' consent; and
- Explained the purpose of the study to the participants and the rationale behind their sampling.

3.8 SUMMARY

Chapter 3 represent a key element of the study in terms of how the survey was conducted. What is captured is that empirical investigation based on data (housing subsidies) obtained from Alexandra Renewal Project was conducted; and the data are disaggregated to the Alexandra Township, forming a systematic statistical evaluation and analysis of available data in proportion to a number of beneficiaries that benefited from the government housing subsidy scheme.

Furthermore, the study uses a survey method for collecting, processing and analysing data; to which Chapter 4 below reflect using a case study on Alexandra Township to give context to the research. The case study method, aided the researcher to go beyond the quantitative statistical results and understand the historical and behavioural conditions through the housing subsidy beneficiaries' perspective. By including both quantitative and qualitative data, the case study further helps explain both the process and outcome of the research.

CHAPTER FOUR

ALEXANDRA TOWNSHIP – A CASE STUDY

4.1 INTRODUCTION

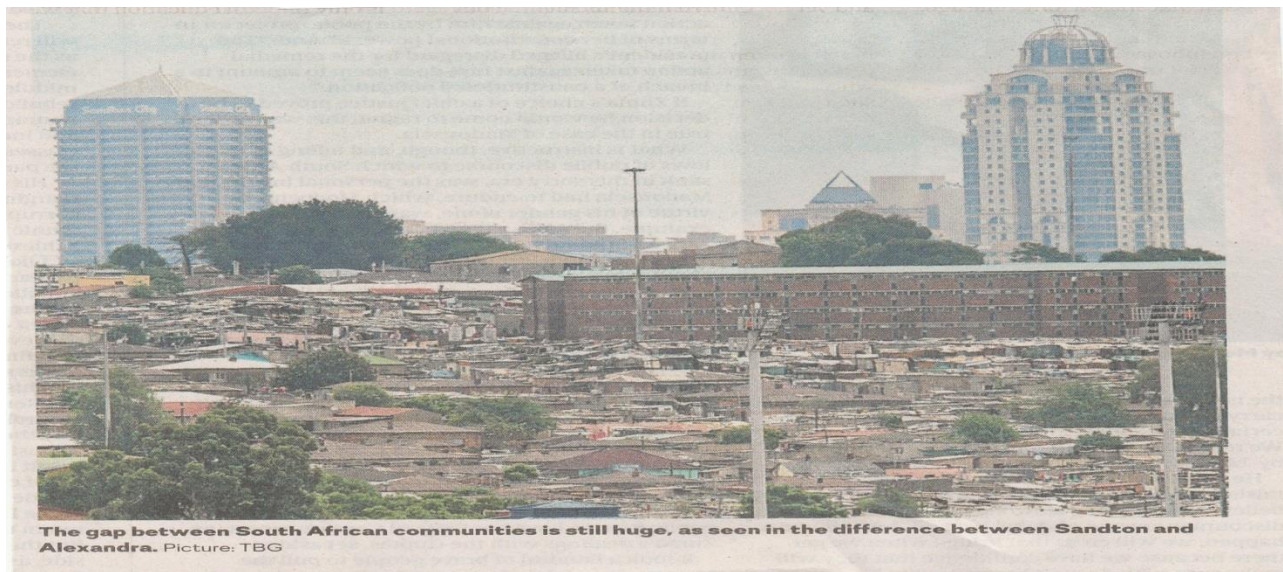
In Chapter 1, the background of the study was articulated, and further mentioning that the Alexandra Township was the unit of analysis where the quantitative survey was conducted. Chapter 2 covers the literature study on the impact of government housing subsidies in Gauteng, particularly in Alexandra. It systematically necessitated the outline of research design and methodology of the study captured in Chapter 3. The purpose of Chapter 4 is to provide an in-depth perspective of the Alexandra Township in a form of a case study. This is important to give context in terms of why the study was undertaken and understanding why Alexandra was chosen as a unit of study, given its location, history and unique character.

Alexandra or Alex for short is a township located in the Gauteng Province, South Africa. It is part of Johannesburg, close to the wealthy suburb of Sandton and is bounded by Wynberg on the west, Marlboro and Kelvin on the north, Kew, Lombardy West and Lombardy East on the south. Ironically, Alexandra is one of the poorest urban areas in the country; and is situated on the banks of the Jukskei River. In addition to its original, reasonably well built houses, it also has a large number (estimated at more than 20,000) of informal dwellings or "shacks" (DHS, 2011).

Greater Alexandra location



Source: Alex Benchmark Survey, 2005, ARP



Picture: TBG, 2005

Alexandra has an extremely high population density. Despite serious overcrowding, most people have access to basic services.

Figure 4.1: Key indicators and observations

Key Indicators: 2011	Observations
Population density: 43,234 persons / km²	<p>Alex attracts large numbers of people wanting to reside there, as its central location ensures access to jobs and it is well linked to the Johannesburg metro. As a result, the greater Alexandra area has a population of over 300,000 people who live in an area of around 7km² (2011).</p> <p>It is extremely overcrowded and urban renewal remains a challenging task</p> <p>However, its small size ensures high residential density, which is one of the reasons why Alexandra contains such a vibrant commercial sector.</p>
Rural / Urban Split: Rural 0%, Urban 100%	
Dwellings: Formal 69%, Informal 31%	
Established 1912	
Racial makeup (2011):	
Black African- 99.0%	
Coloured- 0.4%	
Indian/Asian- 0.1%	
White- 0.1%	
Other-0.4%	
First languages (2011):	
• Zulu - 26.3%	
• Northern Sotho - 23.1%	
• Tsonga - 11.3%	
• Xhosa - 9.8%	
• Other - 29.6%	

Source: Alex Benchmark Survey, 2005, ARP

4.2 THE HISTORY OF ALEXANDRA TOWNSHIP



Picture: ARP, 2007

The story of Alex goes back to 1904, when Papenfuss, a wealthy farmer, bought a number of farms, in the Alex area, one of which, Zandfontein, would become the township. Papenfuss brought his wife, Alexandra, and his cook Hey Nxele Mbanjwas, with him and their first job was to build a mud hut, which acted as a donkey refreshment station for carts carrying Papenfuss' milk from his farm to Johannesburg. The Mbanjwas brought their five-year-old daughter Annie with them when they moved. Annie married Phumuza Twala and they had 10 children (Business Trust, 2007).

Phumuza was a thatcher and thatched roofs in the white suburbs of Johannesburg. People from the rural areas, lured by jobs opportunities at the expanding mines, settled near to the Mbanjwas. Most importantly, by 1912, Papenfuss started dividing the farm Zandfontein into plots, selling them to black families and giving them an opportunity to own land just before the 1913 Land Act took that right away from them. Papenfuss needed a name for the new township. The Mbanjwa's son, Twala recalls that Papenfuss asked his grandparents what name was suitable. They replied: "Your wife, Alexandra, loves people." Therefore, it became Alexandra (DPLG, 2007).

Shacks in Alexandra Township



Photos: ARP, 2005

In 1912, Alex was proclaimed a “native township” and by 1916, the Alexandra Health Committee was established to manage Alexandra, a settlement that now accommodated around 30 000 people. However, the Committee was neither allowed to collect local taxes nor was the Johannesburg City Council willing to take responsibility for an area that it claimed fell outside its jurisdiction, leading to a lack of resources and proper management. As it grew, with no tarred roads, rainwater drainage systems, street lighting or sewerage systems, accompanied by haphazard shack settlement, it took on the appearance of a ghetto (Business Trust, 2007).

In 1948, the National Party was elected into government, and it brought into law a sweep of apartheid laws – Alexandra was put under the direct control of the then Department of Native Affairs. It was decided that the influx of people into Alexandra had to be controlled, and in fact, the population needed to be decreased, and finally, the provisions of the 1913 Land Act had to be implemented. Eventually, freehold rights had to be taken away from those residents who owned their properties.

Part of the population reduction plan involved the forced removal of 5 000 squatters to Orlando in Soweto. However, there were no homes for them in Soweto and they were dumped back in Alexandra, becoming the Health Committee’s problem again, Alexandra being considered outside the jurisdiction of the Johannesburg City Council. The exercise

was repeated again with 2 000 squatters. At this time, Alex had a population of 60 000 residents (DPLG, 2007).

4.2.1 Forced Removals



Picture: ARP, 2004

The Alexandra Township had been threatened with removals on and off for decades. It started back in 1942 with the North Eastern Protection League according to urban specialist, Pauline Morris, in her (2000) paper Alexandra Township – A history, lessons for urban renewal and some challenges for planners. The league pushed for the abolition of Alexandra.

The City Council, which did not have jurisdiction over the township, approved of the idea but backed down when faced with the cost of relocation of the residents, proposing instead, the upgrading of Alexandra, and its incorporation into Johannesburg. Alternative accommodation was offered to residents and some of them took up the offer, the first of many removals of people out of Alexandra. From 1948, through the issuing of permits and passes, further settlement of people in the township was controlled, at the same time, as freehold property was expropriated (DPLG, 2007).

Police raided homes, checking on passes, and residents not in possession of the relevant documents were systemically moved out of Alexandra. Morris (2000) says that the Alexandra population in 1948 was estimated at between 80 000 and 100 000, with plans to ideally bring the population down to 30 000. Between 1958 and 1973, some 56 000

people were removed from Alex and resettled in Soweto, and 15 000 relocated to Tembisa on the East Rand (Morris, 2000).

The Board started buying homes, demolishing some and renovating others, with a view to the government owning all land and houses in the township. Owners were compensated an amount of around R1 770, with the government buying 2 539 properties for an amount of R4.5-million by 1972. Nevertheless, not everyone who was compensated was moved from Alex, in the broader plan of maintaining a labour pool in the northern suburbs (ARP archives,



Hostels in Alexandra Township



Reverend Buti

Photos: ARP, 2009

Reverend Sam Buti established the Residents' Interim Committee in 1974. Alexandra Township had been under threat of demolition many times in its history. The marvel is that the township still exists (ARP archives, 2014). In 1982, Alexandra was given the official status of a residential area and the then Alexandra Liaison Committee, led by Rev. Buti, was instituted to run the township. Rev. Buti's story subsequently takes on a sad irony. He got further involved in municipal politics (ARP archives, 2014).

In 1980, a "Master Plan" for Alexandra was introduced, which aim was to transform Alexandra into a "Garden City" with a completely new layout (ARP archives, 2014). However, only a small part of this plan was actually ever implemented. The execution of the "Master Plan" was permanently stopped by the violent "Alex Six Days" uprising in February 1986 (ARP archives, 2014). This, combined with the considerable number of additional people moving into Alexandra during this time, led to a new area called the "East Bank" being built. Because of the insufficient capacity and difficult maintenance of the newly built infrastructure, the situation quickly deteriorated and therefore the "Urban Renewal Plan" was shelved in 1990 (ARP archives, 2014).

According to Morris (2000), in 1998, another development plan was drawn up, and like its predecessors, planned to reduce Alex's population and divide the township into development zones. "Superblocks", three-storey blocks, were to be built to house 3 000

people, and the total cost was to be R3 billion. However, the plan fizzled out. Meanwhile, an athlete's village was constructed in 1999 for the All Africa Games on the Far East Bank. Called "Tsutsumani". It consisted of 1 700 freestanding, semi-detached



Tsutsumani Village

Picture: ARP, 2004

and simplex units. Alexandrians who have been on the housing waiting list and qualify in terms of certain criteria now occupy these units (Business Trust, 2007).



Housing projects completed in Alexander Township

In February 2001, former President Thabo Mbeki announced the Alexandra Renewal Project. The latter was a presidential project intended to lift the township onto its feet. An amount of R1.3 billion was made available and the township was to be upgraded over a period of seven years. This programme is a key component of the government's approach to addressing urbanisation and housing challenges in South Africa and comprises the integrated development of an area addressing socio-economic and physical

challenges simultaneously. It is a joint urban regeneration project between all three tiers of government, the private sector, non-government organisations (NGO's) and community-based organisations. The then Department of Housing extended the Alexandra Renewal Project to the end of the 2009/10 financial year (DPLG, 2007).

Housing in Alexandra is an emotive and challenging issue, with demand always outstripping supply. Several challenges have had to be faced. At first, households were relocated outside of Alexandra, to Bramfisherville and Diepsloot, where affordable land was available. This was stopped in 2004, and land closer to Alex, albeit more expensive, was identified. As a result, residential densities have had to be increased to make the most of the available land. Increased densities also mean that construction costs are higher, making the houses less affordable for some target groups (DPLG, 2007).



Modern high-rise flats
in old Alex.

Picture: ARP, 2000

Little redevelopment and upgrading of the original Alexandra has taken place. Nevertheless, most land claims were settled with a payment of R50 000. In this regard, residents have taken the government to court, arguing that the R50 000 was a payment for “injustices suffered, and did not constitute “compensation for the expropriation of the properties (ARP archives, 2014). This has meant that since 2005, no progress has been made in the redevelopment of old Alex. Therefore, the vision for “high-density development along main transportation routes, the development of nodes of mixed use,

and the formalisation/improvement/replacement of existing housing stock in the yards” has not taken place (ARP archives, 2014).



Alexandra
Township
contrasting
Sandton City

Picture: ARP, 2009

A 2005 survey found that 51% of Alex residents do not consider the township to be their home. Conversely, some 49% of residents are single parents, while 93% of households earn less than R5 000 a month, with 20% earn less than R1 000 a month. This meant that “household priorities will therefore differ”, resulting in differing housing needs (Business Trust & dplg, 2007). Nonetheless, since 2001, the ARP has delivered 14 500 housing units of mixed tenure in Diepsloot, Bramfisherville and the Greater Alexandra area (ARP archives, 2014)



Alexandra Renewal Project makes progress:



"With 14 500 houses built, hostels remodelled, electricity, water and sewage upgraded, parks created, bridges built and roads tarred, the Alex Renewal Project has made a huge difference in the lives of the people of Alexandra". The project authorities declared in 2012.



Jukskei River running through the Alexandra Township

Pictures by Lucille Davie, 2012

4.2.2 Job creation

According to the 2005 Socio-economic Survey, 60% of the economically active population in Alex was not in full-time employment. The Alexandra Renewal Project (ARP) has focused on creating institutional support to people looking for work or keen to start their own small business. The Business Place was established, offering advice and support to entrepreneurs (ARP archives, 2014).

The protests stemmed from the miserable living conditions in poor townships across the country. Alexandra is no exception. “The people of Alexandra are suffering from a serious housing crisis, a lack of jobs, overcrowded schools and clinics, insufficient access to water and electricity, sewage and waste overflowing into the streets, and an HIV/AIDS epidemic that is devastating youth” (ACR, 2011). These were concerns expressed by the Alexandra Concerned Residents (ACR) in 2011.

The Alexandra Concerned Residents (ACR) is a coalition of community-based organisations taking up community struggles in Alexandra around housing, water, electricity, and other social and environmental issues. The ACR is an organisation that believes in participatory democracy and the involvement of the public in all of its activities. Based on these beliefs and principles, the organisation decided to convene a “People’s Inspection” in 2011 to expose the pathetic living conditions of the Alexandra community. Alexandra Renewal Project (ARP) with a budget of R1.3 billion to build houses to provide jobs and improve the lives of the people living in Alexandra has failed in its mandate because nothing has changed (ACR 2011). The organisation further highlighted that unemployment was still extremely high (officially 60% in 2011); homelessness, poverty, unhealthy living conditions, and overcrowding still defined the lives of people in Alexandra (ARP archives, 2014).



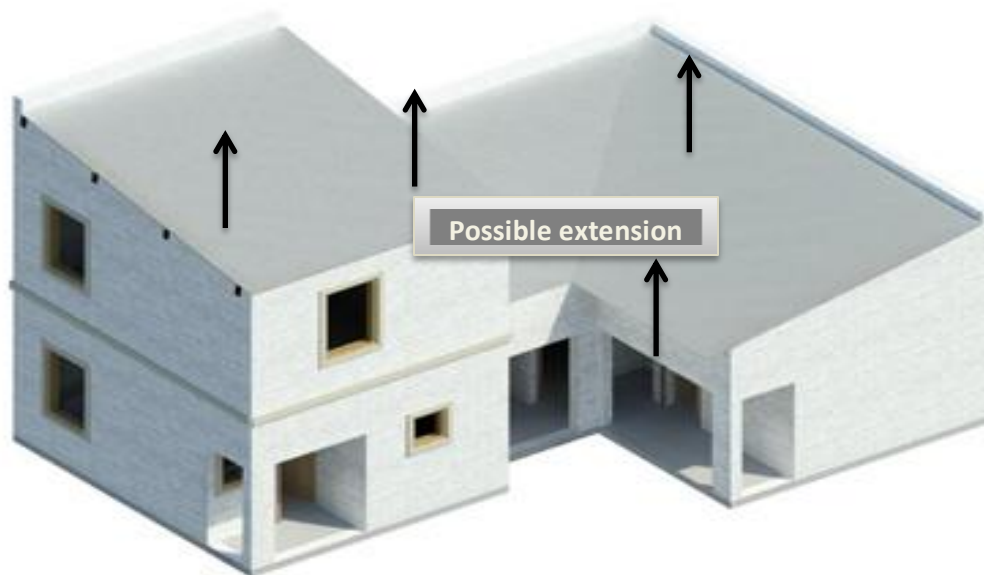
*Living conditions for
people of Alexandra*

Picture: ARP, 2007

4.2.3 Innovative Solutions

The provincial and municipal authorities claimed that housing has been created specifically to meet the needs of Alexandrians and the 'ARP' has been recognised for piloting new innovative solutions to meet the demands of a diverse group of generally poor people in well located settlements. This ranges from the affordable rental room project with shared ablutions to the combination of primary and rental units arranged around a court yard in the new extension 9 (K206) housing developments (ARP, 2015).

The CSIR's housing research group, in collaboration with a number of partners, investigated the concepts of sustainable building transformation in the South African housing sector. A number of research documents flowed from these investigations, including 'Medium Density Mixed Housing: Sustainable design and construction of South African Social Housing (CSIR, 2011).



Alexandra K206 housing development by ASA Architects

K206 Housing Typology -
Alexandra



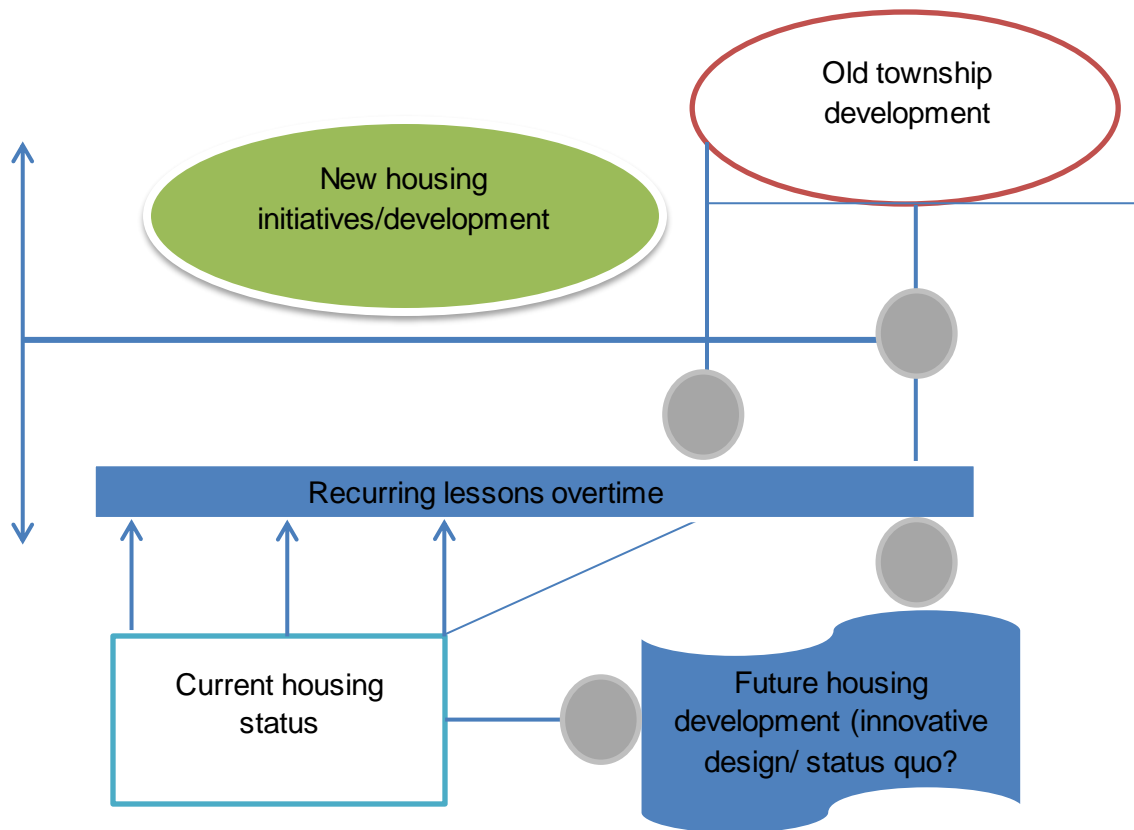
The K206 Project was developed as a low-income social housing development on the Far East Bank, Extension 9 in the urban settlement of Alexandra, Johannesburg. The initiative formed part of the greater Alexandra Renewal Project (ARP), aimed at providing families living in the Setjwetla informal settlement with better living environments and housing opportunities. The K206 Project was intended to increase housing densities and combine ownership and rental occupation on the same property (CSIR, 2011).

The housing projects were launched in 2006 and can accommodate 1 760 houses and provide over 2 156 rental opportunities. K206 is located between Marlboro Road (east) and Vincent Tshabalala Road (formerly London Road) (north). The housing is grouped in clusters of eight to ten housing units forming smaller communities around semiprivate communal courtyards. Every unit has a 40 or 50 m² double-storey government-subsidised dwelling, intended for eligible ownership, as well as two adjacent but independent (CSIR, 2011).

4.3 KEY LESSONS - HOUSING DEVELOPMENT IN ALEXANDRA

The CSIR observed that the K206 Housing Project is novel in the settlement and the inhabitants generally seem satisfied with the overall project. Material choice and finishes play an enormous role in how the tenants experience the small houses. However, a great improvement could be made in the interior experience by simply having a lighter wall finish (CSIR, 2011). However, Figure 4.2 demonstrates the uncoordinated housing development that gives rise to the weaknesses and need for systematic building methods using modernisation to improve the finished product , as the CSIR observation suggests.

Figure 4.2: Uncoordinated housing development



Source: researcher's schematization, 2017

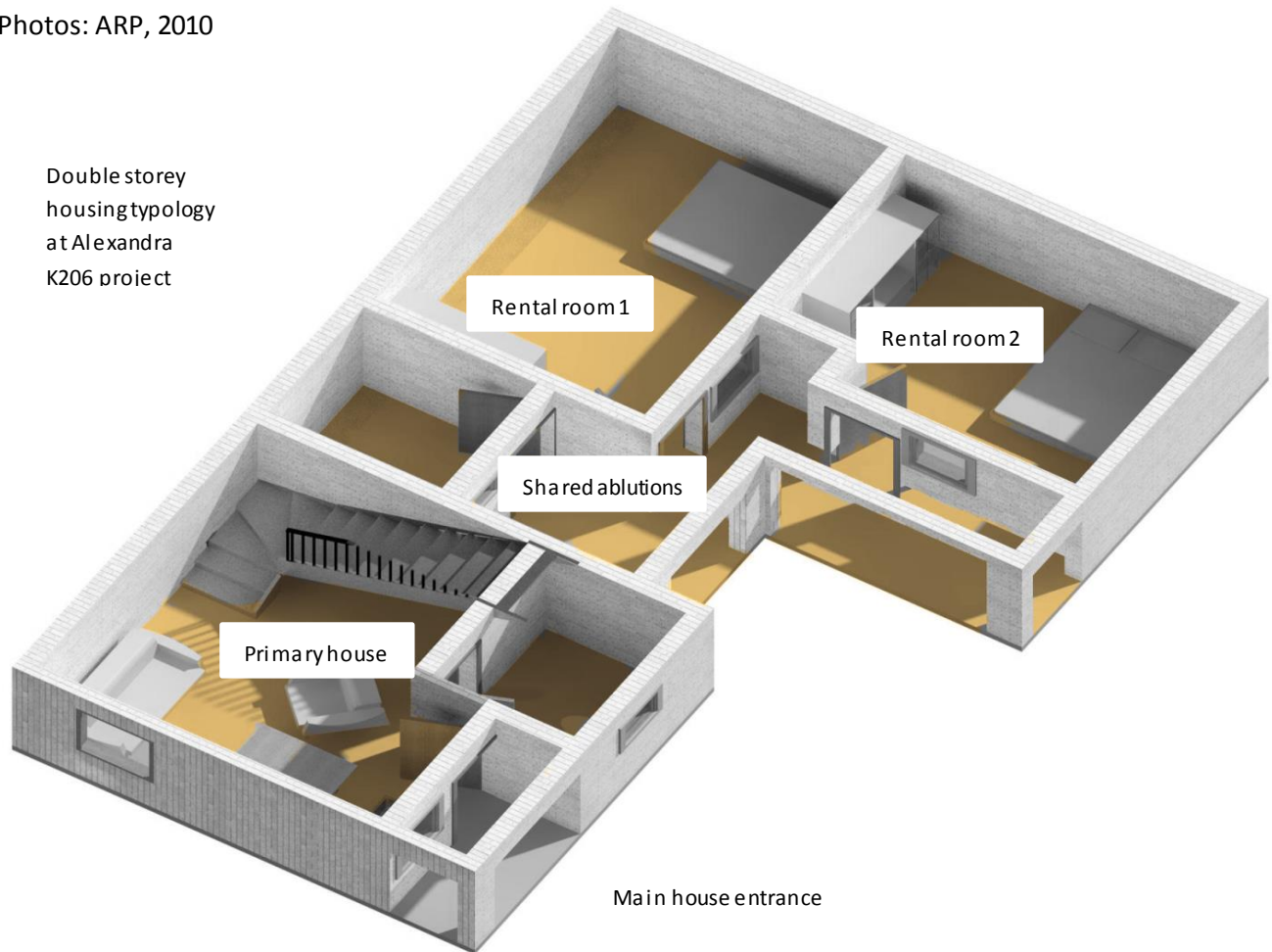


Photos: ARP, 2012

K206- Housing Development in Alexandra



Photos: ARP, 2010



4.4 THE FUNDING MODEL FOR LOW COST HOUSING IN ALEXANDRA TOWNSHIP

The State provides housing capital through the national and provincial funds available through the National Housing Programmes, particularly the HSS. The City of Johannesburg, as a municipality, has been largely dependent on these national and provincial funds to facilitate housing delivery (City of Johannesburg-Sustainable Housing Strategy, 2011). In the 1998/ 2002 period, there was a substantive increase in the amount of housing subsidies allocated. A total of 48 000 subsidies were allocated during this period. The City's funding structure includes seed capital for establishing a Housing Institution, bridging finance for projects and end user finance. However, these funds are available on certain terms and conditions. Private sector funding also provides bridging or development loans and long and short-term loans. This includes end user finance available to the full range of individuals employed in the formal sector (City of Johannesburg-Sustainable Housing Strategy, 2011).

4.5 HOUSING CHALLENGES

The key housing challenges facing the City of Johannesburg are as follows:

- Burgeoning informal settlements
- Land invasions
- Council owned housing stock
- Backyard shacks
- Inner city housing
- Council hostels
- Homeless people
- The constant influx of people to the city
- New family formation

(City of Johannesburg-Sustainable Housing Strategy, 2011).

The City of Johannesburg did admit that it does not have the resources to immediately address all of the housing needs identified in the summary of housing challenges above. However, strategically it is necessary that the housing strategy responds broadly and consistently to each housing challenge over time (City of Johannesburg-Sustainable Housing Strategy, 2011).

4.6 HOUSING DEMAND IN ALEXANDRA

The City of Johannesburg Housing Strategy (2011) outlines housing challenges in Alexandra; and identified two key categories of housing demand. The first one constitutes of backlog, which covers housing needs for households and the second category comprises progressive demand arising from two key generators, that is new household formation and in-migration to Johannesburg; and Alexandra being a central location and near job opportunities, many people settle there; therefore creating overcrowding in the area.

4.7 UNEMPLOYMENT, POVERTY AND INEQUALITIES

The high levels of poverty, unemployment, illiteracy, skills deficiency, and income inequalities in South Africa are strongly manifested in Johannesburg, including Alexandra. One of the major impacts of unemployment and poverty is inability of households to pay for housing, infrastructure and services. Inequality in income distribution also means that certain categories of the population (especially black, women, and children, aged and disabled) are more severely impacted by this national crisis which in turn puts them in a major disadvantage in terms of access to and affordability of housing (City of Johannesburg-Sustainable Housing Strategy, 2011).

4.8 SUMMARY

Alexandra Township is a very unique area because of its location. It is favourable for many, especially those who want to find employment opportunities nearer. The down side is that it is very small. As a result, there is insufficient land for further development in order to accommodate the influx of people descending to the location. Besides these challenges, there is more visible poverty, which suggests that many families have it hard to survive on a daily basis without some form of assistance. It seems reasonable for the government to provide housing subsidies to ensure that the poor have a decent shelter, but the question may be how far this assistance may go and how effective it would be in terms of changing the plight and most importantly, the socio-economic circumstance of the poor people in Alexandra.

The proposition in terms of this case study is that the right to adequate and affordable housing should progressively enhance access, choice and affordability in housing. Chapter 5 addresses the housing sector performance in South Africa since 1995 considering that a subsidised house as a resource should be a sustainable asset that should broaden opportunities for meaningful employment through appropriate locations close to work centres, including changing one's socio-economic conditions, which is material in the standard of living and quality of life.

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CHAPTER FIVE

HOUSING SECTOR PERFORMANCE SINCE 1995

5.1. INTRODUCTION

This chapter presents the overall picture of how the government housing subsidies have performed overtime, since the policy introduction in 1995. This is underscored by the market factors in the housing sector. Following the case study on the Alexandra Township in Chapter 4, subsidies have been a key instrument in the delivery of low cost housing, especially in townships. The importance of measuring the progress made by government in providing adequate housing for poor people, in particular, to improve the standard of living and quality of life, is further discussed in this chapter.

According to Napier (2005:40), the vision of the South African housing policy outlined in the White Paper on Housing (1994) was pitched at two levels, the one addressing the delivery of adequate housing (and secure tenure) to the needy, and the other addressing the nature and location of the settlements so created. Napier (2005) laments as follows:

“Government strives for the establishment of viable, socially and economically integrated communities, situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities, within which all South Africa's people will have access on a progressive basis, to: a permanent residential structure with secure tenure, ensuring privacy and providing adequate protection against the elements; and potable water, adequate sanitary facilities including waste disposal and domestic electricity supply”
(Napier, 2005).

5.2 SOUTH AFRICA'S HOUSING OUTCOME

South Africa's government housing programme has, for the last decade, been dominated by the mass delivery of basic houses to households with low-incomes throughout the country. The housing policy envisaged certain outcomes when it was introduced in 1995 and came out of a clear set of developments in the 1980s. Sixteen years into its democratic existence, South Africa was facing "a massive housing backlog with at least 2.1million housing units still to be built" (Business Day, 2010). Nevertheless, it is not only the huge amount of houses that must still be provided.

According to Charlton and Kihato (2006:30), government is faced with a double-edged sword as the public housing policy dictates that the poor "are entitled to a free house, with legal title and internal services" (cited in Pieterse, 2009). However, the "programme has had profoundly negative consequences: intensifying urban sprawl and increasing the daily reproductive costs for the poor. Instead of providing with an appreciating asset that could bolster beneficiaries' livelihoods, urban sprawl, together with low-density housing programme and a lack of affordable housing opportunities, relegated the poor to the urban periphery, excluding them from economic opportunity (Tonkin, 2008).

5.2.1 Effectively Functioning Housing Markets

The BNG plan inculcated a strategy around supporting the entire residential property market, which includes the State assisting lower-middle income groups (expanding the scope upwards). A more flexible approach to accommodate demand responsiveness and shift from product uniformity; enhancing the role of the private sector; and creating linkages between the primary and secondary residential property market (Kecia-Rust, 2006).

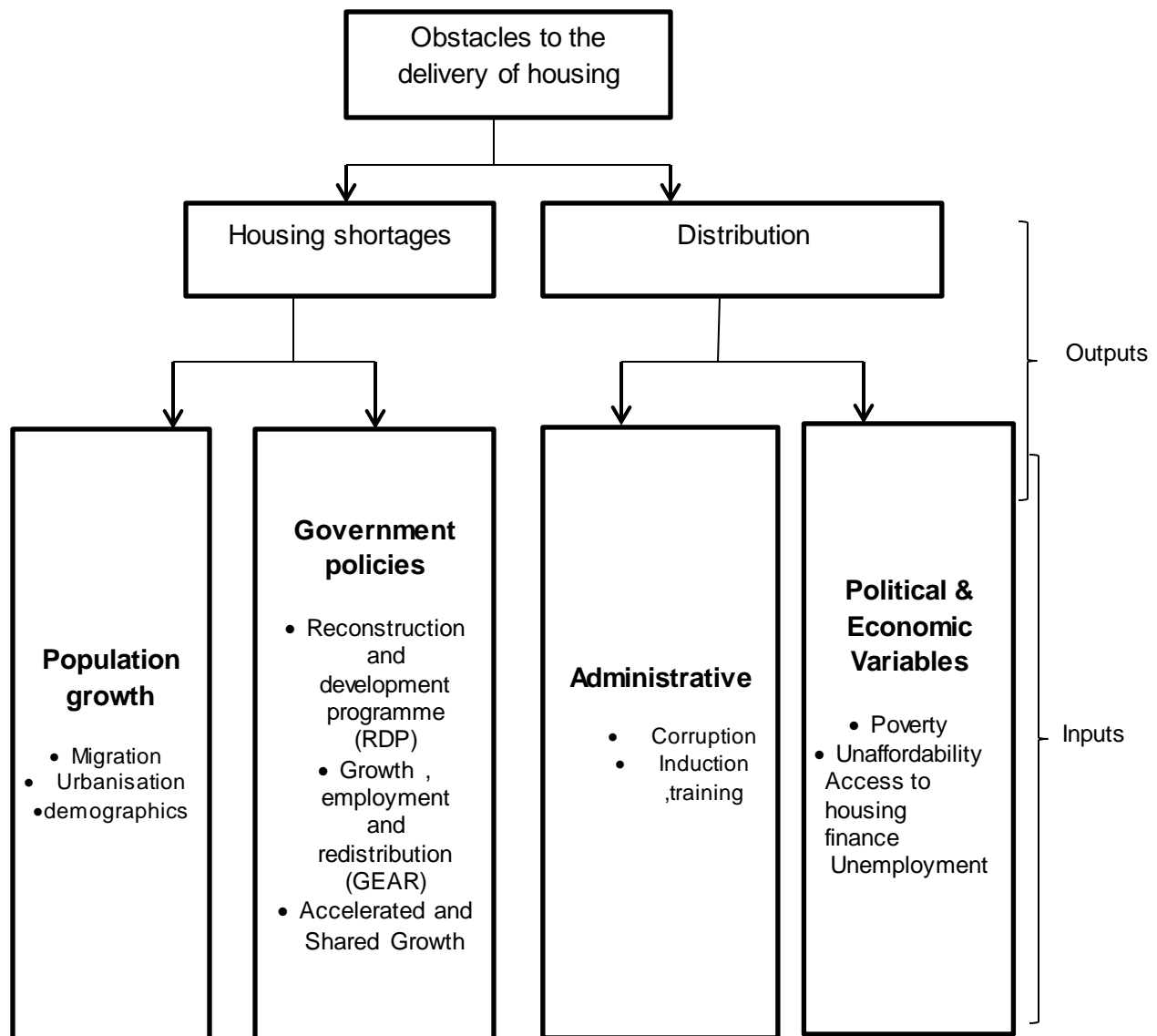
The new human settlements plan reinforces the vision of the Department of Housing, to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing. Within this broader vision, the Department is committed to meeting the following specific objectives: f Accelerating the delivery of housing as a key strategy for poverty alleviation f Utilising provision of housing as a major job creation strategy for ensuring property can be accessed by all as an asset for wealth creation and empowerment f Leveraging growth in the economy f Combating crime, promoting social cohesion and improving quality of life for the poor. Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump. Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring.

A New Housing Vision, from Breaking New Ground: A comprehensive plan for the development of sustainable human settlements. September 2004.

Source: Kecia Rust, 2006

However, Marutlulle (2015:13) argue that poor implementation of the inputs, particularly government policies, administrative and political and economic variables result in the failures of expected outputs, which invariably lead to shortages in housing, thereby limiting the distribution and delivery of housing. This results in obstacles to the delivery of housing, as depicted in Figure 5.1 below:

Figure 5.1: Obstacles to the delivery of housing



Source: own creation, 2017

Awake (2005) maintains that there are at least five powerful factors involved in the housing crisis, which are ramification beyond and above the individual's control such as population growth, rapid urbanisation, natural disasters, political upheaval, and persistent poverty. The reality is that there is a drastic shortage of housing in South Africa as argued by Napier (1993:21). Malpass (1990:5) argues that housing shortage means that the total number of households exceed the number of dwellings available.

As shown by Habitat and ILO (1995:3), the housing shortage troubling most countries in the region and the continent at large is not the lack of demand (demand/supply). Often, it is as a direct result of macro-economic policies and governments' non-housing budgets, and this has continued to claim a significant portion of the budget, yet the yearning for increased housing units is constantly on the increase or put succinctly, the number of homeless citizens is on the increase (Habitat and ILO 1995:3). There may be other constraints to housing delivery as outlined below:

5.2.1.1 Unavailability of Land

Effective and timely release of appropriate land for housing is critical to achieving the desired rate of delivery of housing (White Paper on Housing, 1994:27). Unavailability of land is the biggest housing delivery constraint.

5.2.1.2 Informal Settlements

Informal settlements are typically described as sites of extreme poverty, disorder and chaos yet scrutinized more closely, some display an underside of community cohesion and order, which may well characterise the majority of informal settlements (Bonner *et al.* 2012:223). The informal settlements (slum, shacks and squatter camps) as pointed out by Innes, Kentridge and Perold (1992:163) are often a result of increasing urban populations, which are largely attributed to rural-urban migration. They further argued that informal housing has increased rapidly because of the backlog in formal housing supply (the acute shortage of housing) and rapid population growth (Innes, Kentridge & Perold, 1992).

According to Eddy (2010:3), migration (the phenomenon of territorial human mobility) has continually placed greater strain on services, which have led to higher proportions of people living in informal settlements. The increased mobility of informal dwellers and the rapid formation of shantytowns have increased administrative confusion, institutional restructuring and the absence of clear policy. These have left a vacuum whereby squatter

settlement has been able to flourish (Innes *et al.*, 1992). The dominant image of informal dwellers is that of uniformly impoverished constituency are living on the margins of the urban socio-economic order (Innes *et al.*, 1992). Research evidence shows that informal dwellers represent a population as socially and economically heterogeneous as that which is formally housed: Table 5.1 shows type of dwellings in Gauteng from 1995 to 2007. This is a collection of statistical figures showing a number of households and percentage of formal housing against informal housing, among others, in the Gauteng region.

Table 5.1: Type of dwelling (proportions) by municipality in Gauteng from 1995 to 2007

Municipality	Number of households	Formal housing (%)	Room on shared property (%)	Informal dwellings in backyard (%)	Informal housing (%)
Ekurhuleni	849 349	63.8	7.3	9.1	36.2
Johannesburg	1 165 014	68.2	9.2	8.4	31.8
Metsweding	46 502	61.6	11.8	4.0	38.4
Sedibeng	241 223	76.4	6.8	7.8	23.6
Tshwane	686 640	66.8	4.0	7.1	33.2
West Rand	186 850	52.7	5.0	12.3	47.3
Gauteng Total	3 175 578	73.5	1.2	8.4	26.5

Source: South Africa Survey (2008/9:568)

Backyard infill shacks are common in many land reform housing projects around South Africa. The continuum is seen in rural-urban networks and in-migration. This makes the householders feel obliged to accommodate extended family members or people from their rural villages who would have recently arrived in the city (Barry, 2003).

Residents in most cases sublet space to generate income. This idea was upheld by Bonner *et al.* (2012:218) in their statement that the sale of township houses prompted large scale rack renting as landlords crammed as many shacks as possible onto the stands in order to extract maximum rent from desperate lodgers. The prevailing extreme congestion forced residents to spill out into vacant parcels of land resulting in the

established of squatter camps. The 1996 national census revealed that the country had approximately 1.4 million shacks or informal dwellings. This represented 16% of the nine million households in South Africa at the time. By 2011, the census showed that the number of shacks and informal dwellings had increased to about 1.9 million. However, this then represent 13% of all households in the country- a decrease of three percentage points since 1996 (Africacheck,2015).

5.2.2 Housing Analysis per Census 2011

Housing is one of the basic human needs and has both direct and indirect implications on lives of households including health, welfare and social status in communities. A number of questions were included in Census 2011 to enable analysis on how households live and their access to various services and facilities. Table 5.2 below highlights Census findings relating to types of main dwellings and basic services, which have important policy implications.

Table 5.2: Distribution of households by province, Censuses, 2001, 2011 and Community Survey - 2007

Provinces	Census 2001		CS 2007		Census 2011	
	households	%	households	%	households	%
Western Cape	1 173 304	10,5	1 369 180	11,0	1 634 000	11,3
Eastern Cape	1 481 640	13,2	1 586 739	12,7	1 687 385	11,7
Northern Cape	245 086	2,2	264 653	2,1	301 405	2,1
Free State	733 302	6,5	802 872	6,4	823 316	5,7
KwaZulu-Natal	2 117 274	18,9	2 234 129	17,9	2 539 429	17,6
North West	760 588	6,8	822 964	6,6	1 062 015	7,3
Gauteng	2 791 270	24,9	3 263 712	26,1	3 909 022	27,1
Mpumalanga	785 424	7,0	940 425	7,5	1 075 488	7,4
Limpopo	1 117 818	10,0	1 215 935	9,7	1 418 102	9,8
South Africa	11 205 706	100,0	12 500 609	100,0	14 450 161	100,0

Source: Statistics South Africa, 2012

5.2.3 Factors that Affect the Housing Market

The fundamental requirement is that societies and governments worldwide are expected to adopt sustainable economic, environmental and social policies that impact on changes in terms of consumerist lifestyles of their citizens. According to Jackson (2009:24) a growing realisation that the attainment of a decent and quality life for most people on the planet is increasingly being threatened by a blind commitment to economic growth.

This can also influence the way governments and societies plan neighbourhoods and settlements in the future. There is also a radical – albeit minority views that the planet is already overpopulated and can no longer sustain the energy inputs to the scale of current human settlement (Jackson, 2009). As the population grows in cities, it puts more strain in the countries' resources; in particular, limiting the capacity to provide more houses to match the increasing demand. At the same time, the housing market fluctuation is influenced by the factors outlined below:

5.2.3.1 Economic Growth

The demand for housing is dependent upon income; meaning that with higher economic growth and rising incomes people will be able to spend more on housing, including government on infrastructure spending. In contrast to government providing subsidies to a large number of recipients who cannot afford the cost of housing or unemployed, demand for housing is often noted to be income elastic. This implies that rising incomes lead to a bigger percentage of income being spent on houses. Similarly in a recession, falling incomes will mean people cannot afford to buy and those who lose their jobs may fall behind in their mortgage payments and end up with their home repossess (Econimicshelp, 2015).

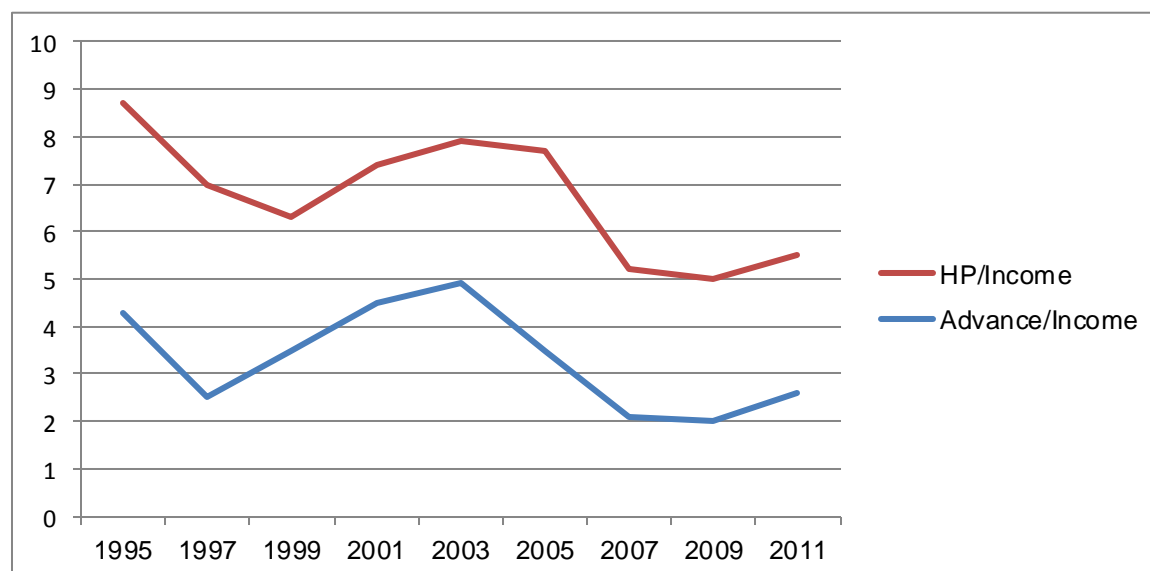
5.2.3.2 Unemployment

Related to economic growth is unemployment. The argument is that when unemployment is rising, less people will be able to afford a house. Moreover, the fear of unemployment may discourage people from entering the property market (Econimicshelp, 2015).

5.2.3.3 Interest Rates

Interest rates affect the cost of monthly mortgage payments. The rationale is that high interest rates will increase costs and cause lower demand for buying a house. Therefore, high interest rates make renting relatively more attractive to buying (Econimicshelp, 2015). These factors to a larger extent are in a mix in terms of government's decision to invest in the housing supply and infrastructure provision or upgrade. Any adverse economic policy in this regard, by implication affects the ability of government to provide and maintain housing subsidies because of low levers of income owing to high levels of unemployment. Figure 5.2 shows the house price to earnings ratio in terms of house price incomes in a fluctuating market.

Figure 5.2: House-price-incomes



Source: HPI, 1995

5.2.3.4 Inflation Rate

Zhu (2004) shows the strong and long lasting link between inflation and housing price; and the rationale being that during inflation. Most things in the economy will increase in price and the cost of the raw material for building will also increase. An increase in inflation front loads real payment on a long-term fixed rate mortgage, and therefore reduces the quantity of housing.

5.3 GOVERNMENT'S ECONOMIC POLICIES

Proliferation of research outputs (Cloete, 1997:35; Bonner *et al.* 2012:145; Malpass, 1990:5; Eddy, 2010:3; Barry, 2003:2) maintain that government since 1995 faced enormous difficulties and backlogs owing to the apartheid legacy. Brutus (2002:1) argues that the problems confronting many citizens today including in the Alexandra Township are not simply the result of historical factors – the crisis of housing delivery and other basic services is actually a result of the pro market (growth-oriented) policies adopted by South African government since 1994.

One of such was to reduce inflation and government spending to below 4% of the GDP. This invariably reduces the amount the government could spend on social needs including housing (Bradley 2003:85). However, Habitat and ILO (1995:1), maintain that in many countries, it has been the policies adopted in response to macro-economic trends, rather than the trends themselves that have resulted in significant declines in shelter investment to a worsening of housing and infrastructure conditions.

The RDP adopted in 1995 did little to change the economic landscape in South Africa in terms of changing the material conditions of poor people, especially accelerating growth to create more jobs (Habitat and ILO, 1995). The government introduced a macroeconomic policy framework called the Growth, Employment and Redistribution (GEAR) strategy in 1996 to stimulate faster economic growth, which was required to provide resources to meet social investment needs. It was pointed out that while the

GEAR strategy was sufficient for the achievement of macroeconomic objectives, it clearly fell short with regard to the social challenges of the country, most notably poverty reduction and employment creation as was envisaged (SAhistory, 2016). The Accelerated and Shared Growth Initiative of South Africa (AsgiSA) replaced GEAR in 2005 for South Africa. AsgiSA aimed to reduce poverty by 2010, halving unemployment by 2014 from the 28% in 2004 to 14% by 2022; and also recognised that the policies implemented to address these issues needed to be the forefront of economic policy decision-making (SAhistory,2016).

The United Nations (Habitat Agenda: UNCHS, 1996) has developed a comprehensive set of indicators to measure and score the performance of settlements in terms of their sustainability. However, notwithstanding the importance of local action and initiative, there are arguably certain global and national policy and strategic preconditions necessary for settlements to achieve the intended sustainability outcomes. For example, without appropriate macro-economic policies that encourage stable employment outside the current economic growth paradigm, individual human settlements however sustainable in their own right, will achieve little.

Settlement planning, particularly with regard to the poor, requires national, indeed global responses that include access to social and basic services, economic activities, safety and security and other settlement features. Without these, humanity will still be on a collision course between exponential economic growth and the finite limitations in terms of development (UNCHS, 1996).

According to Khan (2003: 228), the establishment of viable, socially and economically integrated communities in areas allowing convenient access to a range of amenities and opportunities is without a doubt the main challenge confronting housing policymakers and practitioners alike. In light of the limitations faced by government in meeting the challenge of developing integrated human settlements, more attention should be placed on integrating communities internally – as opposed to externally through creating potentially costly and unproductive connections with established communities (Khan, 2003).

5.4 EXPENDITURE ON HOUSING SUBSIDIES COUNTRYWIDE

Since 1994, through the provinces, government effected housing subsidy capital transfers worth over R19 billion. These capital transfers were used to acquire sites and build top structures. In 2002/03, the projected actual Gauteng provincial expenditure on the Housing Subsidy Grant for the total budget was adjusted by R946 million (of which R885 million were rollovers) to R4.7 billion (Department of Local Government and Housing, 2005). Spending on housing subsidies for 2002/03 was estimated to be R3.7 billion. This showed an increase of R599 million or 19.1% compared to 2001/02, but was estimated to be R955 million or 20, 4% lower than the 2002/03 Adjusted Budget (Department of Local Government and Housing, 2005).

Only North West and Western Cape projected to spend their entire 2002 adjusted budgets. The slow spending in Gauteng (83.9%), Mpumalanga (70.8%) and KwaZulu-Natal (89%) was partially owing to slow progress of the Presidential Job Summit Rental Housing Programme. Spending in Eastern Cape was very low at 37.1% (Department of Local Government and Housing, 2005). Table 5.3 below shows the actual expenditure outcome for 2002/03 financial years.

Table 5.3: Actual expenditure outcome for 2002/03 for SA Housing Subsidy grant

	2002/03 budget	2002/03 adjusted budget	2002/03 Estimated actual outcome	Actual outcome as % of adjusted budget
R million				
Eastern cape	571	805	298	37.1
Free State	283	288	283	83.9
Gauteng	802	1 215	1 019	83.9
KwaZulu-Natal	709	862	767	89.0
Limpopo	382	388	365	93.9
Mpumalanga	242	348	246	70.8
Northern Cape	76	77	50	64.7
North West	302	324	324	100.0
Western Cape	373	379	379	100.0
Total	3470	4686	3731	79.6

Source: National Treasury database, 2011

In 2002/03, only 94 049 subsidies were approved up to December 2002. Provincial housing departments projected to spend R3.7 billion (including 2001/02 rollovers). Given the multi-year nature of construction, it appeared that spending on subsidies approved in previous years was accommodated in the 2002/03 financial year. In addition, the variation between subsidies approved and projected spending suggested that transfers were made to municipalities, which in turn slowed the expenditure (Department of Local Government and Housing, 2005).

Between 1994 and 2004, the South African government invested R27.6 billion in housing; and more than 1.6 million houses were delivered, affecting the lives of 6.5 million people. Charlton (2004: 3) noted that “it is widely acknowledged that South Africa’s housing programme has led to the delivery of more houses in a shorter period than any other country in the world”. In comparison with housing delivery across the world, “one must be impressed with what South Africa has achieved”. Despite these achievements, the urban housing backlog increased from 1.5 million in 1994 to 2.4 million in 2004 (Charlton, 2004).

5.4.1 Progressive Government Budgets

Progressive Government Budgets refers to the ability of government to plan and implement housing budgets that aim to achieve value and efficacy in housing expenditure, including the realisation of people's rights to health, education, housing and basic services. According to Chiweshe (2014), insufficient prioritisation and the ineffective use of resources constitute failures on the state's part in meeting its obligation to fulfil people's socio-economic rights using the maximum available resources.

This relates to the provision that Section 26 of the Constitution states that "everyone has the right to have adequate housing" (RSA Constitution, 1996). In addition, Section 26.2 states that "the State must take reasonable legislative and other measures, within its available resources to achieve the progressive realisation of this right (RSA Constitution, 1996). Chiweshe (2014) articulates that Article 2 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) obligates states to progressively realise the rights of its people; and Article 11 of the ICESCR also recognises the right of everyone to an adequate standard of living, including adequate housing. He further argues that the South African government has not ratified the covenant despite several announcements that they will do so (Chiweshe, 2014).

The general comments of the UNCER identified facilities and infrastructure and legal security of tenure as amongst the necessary conditions necessary for a meaningful enjoyment of the right to housing. The Constitutional Court also mentioned land as one of the requirements for a meaningful enjoyment of the right to housing (National Housing Policy, 2010). The Committee further stated that failure by the government to provide mechanisms to address this issue constitute a breach of both its constitutional and international obligations. Inadequate Budget Allocation was identified as another problem that was experienced in the implementation of the measures instituted to realise the right to housing (National Housing Policy, 2010). The government acknowledges that the subsidy provided does not itself purchase an adequate house. It promotes partnerships between the provision of state subsidies on the one hand, and the provision of housing

credit or personal resources (savings, labour, etc.) on the other (National Housing Policy and Subsidy Programme, 2010).

Each provincial housing development fund receives a budgetary allocation from the South African Housing Fund, which obtains its annual allocation from the National Budget. The provincial housing department then decides how much from the Housing Fund will be allocated (National Housing Policy, 2010). While the government provides a comprehensive and substantial housing subsidy, its capacity to meet the growing backlog is seriously challenged, especially given reduced GDP growth rates and rising unemployment. Chiweshe (2014) suggests that while the government has been delivering houses for the poor through housing subsidy scheme, the housing backlog remains on the increase. This suggests that progressive budgeting and efficient expenditure is not envisaged to achieve future positive outcomes in terms of eliminating housing backlog in South Africa, in general (Chiweshe, 2014).

5.4.2 The Housing Subsidy Programme in Perspective

In 1994, the Housing Subsidy Programme replaced all previously racially based government subsidy programmes, other than where commitments under previous programmes were already made (National Housing Policy, 2010). The scheme is intended to help households' access housing with secure tenure, at a cost they can afford, and of a standard that satisfies health and safety requirements.

According to the National Housing Policy (2010), a beneficiary may only receive the subsidy once, except where the scheme allows for deviations from this provision. The Housing Subsidy Scheme has an incremental approach in that it provides a household with an opportunity to move into a house without debt. Further improvements can then be made as the household's financial position improves. Housing subsidy levels increased between 26, 9 and 49, 1% in 2002/03 for earners falling in the income bands of R3 500 per month and below. These increases also impact on the different categories of subsidy.

The high growth is mainly to protect the real value of these subsidies and to improve the quality of the houses built.

The point highlighted here is that the impact of inflation on the income bands should also be taken into account, as the monthly equivalent of R3 500 is much higher today than when the Housing Subsidy Scheme was introduced. To further enhance the impact of these subsidies and to increase their outreach, consideration should be given to increase the qualification threshold for the subsidies to income levels above R3 500 and to collapse the income bands. According to Baumann (2003:86), South African housing policy does not propose subsidies as the main tool to deliver houses to the poor. Instead, subsidies are viewed as an interim system, dependent on the growth of the economy and the “trickle-down” of resources to the poor, as well as the revision of housing finance markets (Baumann, 2003).

The main force of the non-subsidy aspect of housing policy has been to remodel the institutional framework of the commercial housing and finance markets. Baumann (2003) concluded that this remodelling is grounded on the assumption that eventually everyone will be able to buy a house without requiring direct government assistance. Despite considerable housing delivery during the period 1994-2003, the housing policy was reviewed following various criticisms of the housing programme, which included: the cost of the housing product (for beneficiaries and the state), poor location, poor quality of housing, and poor integration with other socio-economic facilities. The most damning criticism of the housing programme was that the delivery of housing has not contributed towards spatial and economic transformation of cities and towns (SACN, 2012).

Some of the reasons for this lack of transformation were the high cost of suitably located land, the absence of a single property market that included subsidised houses, and insufficient private sector involvement. During this period, a growing number of households no longer qualified for subsidies (as their monthly income was above R3500) but were unable to access housing finance from the private sector, which expressed no interest in providing loans to this income category (SACN, 2012).

Essentially, despite massive investment, the State had failed to drive the development of a property market that incorporated subsidised and affordable housing (for lower-to-middle income households) or to stimulate inclusive private sector engagement. Providing houses is not only about shelter but also about growing the value of the housing asset in order to eliminate generational deprivation in acquiring decent housing (Baumann, 2003).

An incremental approach (post-2010) in 2009, the national DHS reviewed the BNG programme and found that the key focus remained housing (that is, shelter aspect) rather than human settlements development. Some of the concerns raised included the measurement of housing delivery performance (which continued to be based on the number of houses built), the lack of public municipal planning framework, the location of housing (on the periphery of cities), and the alignment of funding for human settlements across different functions (National Housing Policy and Subsidy Programme, 2010).

5.5 POLICY SHIFT FROM HOUSING TO HUMAN SETTLEMENTS

In general, the national government performance on housing delivery in South Africa is evaluated based on the impact created in terms of the number of houses built per annum and the satisfaction of beneficiaries on the quality of the house and the social landscape provided. At the nucleus of human settlements policy is development beyond the provision of basic shelter towards achieving the broader vision of sustainable human settlements and cities that are more efficient, towns and regions and contributing to spatial restructuring, instead of simple housing developments that perpetuated urban sprawl and related poor spatial socio-economic outcomes.

The African National Congress (52nd and 53rd National Conference Resolutions) noted that there are still State policy and institutional failures with regards to the releasing and making land available for decent housing and also legal, planning, funding and infrastructure development challenges with the establishment of residential areas in well located land closer to socio-economic opportunities.

The NDP (2011:268) postulates that the model for service delivery entrenched after 1994 has produced a dependent and inactive citizenry. As a result, households and communities have become passive recipients of government delivery; and many are no longer actively seeking their own solutions or finding ways to collaborate with government to improve their neighbourhoods (NDP, 2011). The fact is that the resources availed by the State for improving the quality of household life in human settlements are limited when compared to the inherited backlogs, current and growing needs and aspirations of all communities. The ANC further acknowledged that the available allocation of resources is also not optimally allocated and prioritised; and without proper planning and prioritisation, which results in poor outputs and outcomes.

According to the National Planning Plan Commission's findings, the capital subsidy programme has had unintended consequences, and re-enforced apartheid geography; and financing has mostly focused on individual houses and ignored public spaces (NDP, 2011). It further found that to stretch limited subsidies, public and private developers often sought out the cheapest land, which is usually in the worst location. The capital subsidy regime has also generally resulted in uniform housing developments, which do not offer a range of housing and tenure types to support the needs of different households (NDP, 2011).

The National Planning Commission posits that public funding should therefore be directed towards the development of public infrastructure and public spaces that would significantly improve the quality of life of poor communities who cannot afford private amenities (NDP, 2011). The Commission further asserts that increasingly, government

should take on an enabling role in relation to housing; and some form of subsidy may still be required as the vast majority of South African population is unable to access private financing; but haste to add that this subsidy should also support community and individual initiatives and the development of well-located sustainable communities (NDP, 2011).

5.5.1 Social Mobility in the South African Context

According to Aldridge (2003), social mobility can be thought of in absolute and relative terms. The former refers to processes of adjustment in the income or occupational structure of the economy; and the latter sometimes called social fluidity is associated with an individual's opportunities for progression within the social hierarchy. Social mobility in South Africa refers to the movement of South Africans from one class to another. It is an upward socio-economic change in status achievable from generation-to-generation (Aldridge, 2003).

Moreno (2007:1) argues that deficits in adequate housing are habitually found in poverty studies, since they are usually associated with precarious living conditions and social disadvantages. Therefore, for a number of reasons, housing represents an essential dimension of equality as well as a market of inequality. The fundamental point raised by Moreno (2007) is that the diversity in the quality of housing is a visible expression of the social inequalities; that is, moving to improved housing stock may signify displacement or changes in personal trajectory.

The lack of social mobility for the nation's poor, as argued by Moreno (2007), is further fostered by government-funded housing. Since transition into democracy, the South African government has made large investments in government-funded housing. These government-run housing projects are located in areas that receive the least amount of funding for education and welfare, ensuring that the uneducated and poor will remain uneducated and poor. Therefore, a level of social mobility does exist among black Africans who are able to attend schools in previously designated white areas (Moreno, 2007).

Moreno (2007) laments that a good indicator of social mobility is opportunity and equality of education because statistics show that there is direct correlation between education level and income. The fact highlighted is that the South African government has made massive investments in education. Examined more closely, it was found that these investments in education benefit the wealthiest of South Africans the most and do very little to help the poor communities (Moreno, 2007).

Crankshaw, Gilbert, & Morris (2000:850) point out a fundamental aspect that structural shortages in Johannesburg, particularly in townships, had led to cultural, social and economic valuing of houses. The latter highlights the fact that houses whether owned or rented became material and symbolic sites for the expression of social class. In other words, houses are carriers of social class and play an important part in local configurations and practices of social distinction. The confirmation is that townships have been framed as spaces of consumption rather than production, which include state-funded housing stock.

On the contrary, the Chartered Institute of Housing Research (2004) has shown that flagship government schemes to help more people to get on the housing ladder have little impact on improving social mobility as better off buyers are most likely to benefit from the support benefiting from schemes such as 'Help to Buy'. The point is that high cost of housing means many low-cost homeownership schemes are beyond the reach of almost all families on average earnings. Figure 5.3: depicts a matrix of social mobility in the housing context. That is, individuals within a particular social class, that is, education level or financial position, are able to attain decent housing compared to individuals in lower social strata.

Figure 5.3: Generational social mobility relative to housing attainment

Intra-generational The movement of individuals between different social classes during their own lifetime.	Inter-generational The achieved position of an adult compared with that of their parents.
Absolute Changes in the structure of society so that the distribution of population between different social classes changes.	Relative The movement of an individual between different social classes regardless of changes in the distribution of the population between them.

Source: Aldridge, 2003

On the other hand, Rushton (2004) says home ownership affects the causes of social mobility (including educational attainment, childhood poverty and attitudes and aspiration). In other words, house ownership is predicted by income and race and is significant in affecting educational attainment of children; and poor housing and overcrowding also negatively affect children health and educational attainment.

The salient point brought forth by Rushton (2004) is that inequality might be thought to constrain the potential for movement within the social hierarchy, leading to a double-bind of high inequality and low mobility. That is, high levels of inequality and mobility might be thought to be good bedfellows (Rushton, 2004). Breen (1997:18) comments that while it is widely assured that high levels of social mobility are necessary to secure economic growth, It is also assumed that high levels of inequality will tend to restrict rates of social mobility and inequality in occupational rewards is thought to provide a necessary incentive structure, which promotes growth (Breen, 1997). There is a paradox: both inequality and mobility are good for growth, yet one militates against the other.

In a South African context as held by Tunstall *et al.* (2011), it is obvious that those living in decent housing have better life chances than those who are homeless, or living in grossly overcrowded flats or in cold and insanitary conditions. The key question is in what ways could municipalities make a positive contribution to increasing social mobility and enhancing the opportunities for the residents in government stock/properties to have successful lives?

The point advanced by Tunstall (2011) in this instance, is that in order to achieve a positive social mobility in communities, municipalities must provide decent, secure, affordable homes, which suggest that government must also create employment generating programmes to help residents, including their children who are out of school to gain necessary skills and starting own businesses for self-sustenance. To support the assertion above, Hills' (2007) study shows that social housing have become a location for those section of the population that have been most disadvantaged by socio-economic change, including those that may have been downwardly mobile.

5.5.2 Targeted Application of the Housing Subsidy

A study done by the Financial and Fiscal Commission (2011) found that since 1996, the state of South African housing has improved because of policies, rising income levels and direct government intervention. The highlight is that between 1996 and 2011, the number of households living in brick or concrete houses, as a percentage of all types of main dwellings in South Africa, increased from 48% to 65% (Financial and Fiscal Commission, 2011). That is, households were switching from traditional dwelling types at a much higher rate. Hills (2007) asked what specific objectives are housing subsidies intended to accomplish; and how do legislatures and executive agencies justify the use of these costly policy instruments. According to the national Department of Housing (DoH), the eligibility criterion for the housing subsidy was in the past based on a person who was acquiring fixed residential property for the first time (DoH,2004).

Table 5.4 shows the percentage of traditional dwellings decreased from 18 per cent in 1996 to eight per cent in 2011. This reflects the difficulties associated with eradicating informal settlements and the shortcomings of informal settlement upgrading programmes.

Table 5.4: Profile of housing in South Africa

Dwelling type	1996		2001		2011	
	No. HHS	%	No. HHS	%	No. HHS	%
House or concrete structure on a separate stand	4 331 586	48	6 238 464	53	9 384 029	65
Traditional dwelling	1 644 388	18	1 654 787	14	1 139 917	8
Flat in block of flats	458 167	5	589 109	5	720 327	5
Town/cluster/semi-detached house	381 541	4	319 864	3	573 056	4
Unit in retirement village	40 433	-	-	-	-	-
House/flat/room in backyard	483 460	5	412 377	4	422 849	3
Informal dwelling/shack in backyard	403 329	4	459 525	4	712 955	5
Informal dwelling/shack elsewhere	1 049 686	12	1 376 708	12	1 249 776	9
Room/flat let on shared property	139 632	2	120 611	1	118 984	1
Caravan/tent	17 126	0	30 610	0	14 440	0
Other	128 054	1	568 219	5	113 827	1
Total	9 077 402		11 770 274		14 450 160	

Source: Statistics South Africa: 1996; 2001 & 2011

This means that persons who acquired ownership of residential properties with their own resources, without any assistance from the government's housing subsidy scheme, (even though they met all the other qualifying requirements of the scheme), were disqualified from applying for a housing subsidy.

A substantial number of such persons, who bought sites from private developers, could not access private finance for the construction of houses. As a result, they were only able to construct a basic informal structure that seldom met the minimum health and safety requirements, and the National Norms and Standards in respect of the Permanent Residential Structures (DoH, 2004).

To address these shortcomings, the NDH introduced an amendment to the Housing Subsidy Scheme. Owing to this amendment, qualifying beneficiaries could apply for subsidies on condition that a subsidy is used to building or completing a house that will comply with the Ministerial National Norms and Standards in Permanent Residential Structures (Right to Adequate Housing – Period: April 2000 - March 2002).

The further argument is that the delivery of over three million fully subsidised houses, in South Africa, since 1994 is not enough to address the many housing needs. Despite significant increases in the budget allocated to human settlements in recent times, and the delivery of over three million houses, housing backlogs remain at levels similar to those in 1994. Population growth and migration to cities add to the demand for housing and housing subsidies. Increasing costs over time imply that more subsidies will be required to deliver on promises.

5.5.3 Problems with Providing Fully Subsidised Housing

The high levels of unemployment in South Africa mean that 60% of households are potentially eligible for fully subsidised houses. This has resulted in an increasing burden and dependence on the State for housing. The current subsidy is perceived as discouraging complementary investment and participation by the private sector and households, especially at the lower end of the market. The increasing gap market in South Africa is also growing, as more and more people do not qualify for a subsidy or for a mortgage bond. This gap market is made worse by the lack of commercial incremental housing products. On the other hand, the finance-linked individual subsidy programme (FLISP) has not succeeded in encouraging the private sector to provide mortgages for households in the gap market. This burden has been passed onto the State (Huchzermeyer, 2001).

The South Africa's national housing subsidy is based on a capital grant that finances top structure; which is insufficient to cover the costs of higher density development and higher land costs in well-located areas. This results in peripheral development. It is also argued that even where land is made available, poor inter-governmental coordination fails to achieve the required efficiencies to deliver adequate housing.

It is reiterated in this instance that following the adoption of the Human Settlements Policy Framework in 2004, the ANC-led government acknowledged that as much as there are policies and programmes to address the provision of socio-economic infrastructure and facilities in integrated human settlements, the following critical challenges remain, namely, insufficient institutional capacity and absence of appropriate institutional levers and instruments to translate policy and planned outcomes into implementable targets (DoH, 2004). This is owing to the weakness and failure in coordination of development and delivery actions of the spheres of government and relevant departments. Allocation of available resources not optimally utilised to result in desired outputs and outcomes (DoH, 2004).

The National Planning Commission (2011) conceded that the capital subsidy remains a very limited instrument for achieving objectives of human settlements strategy, especially the need for better located settlements with diverse range of housing and tenure types and high quality public environments. A further highlight is that financing and regulatory arrangements have hindered mobility, fixing residents with specific places at a time when the spatial circumstances of households (e.g. places of work and schooling) change regularly (NDP, 2011).

5.6 SUMMARY

Various factors may be taken into account to determine whether a poor person, probably receiving a government grant and eligible for a housing subsidy can have the capacity to move up the 'ladder' in terms of social mobility. What is certain is that most of the people in this category have little or no skills to leverage a subsidy sponsored house to become a tradable asset. The best that has been observed and supported, in this instance, is that some beneficiaries are able to extend the house by adding rentable rooms, which provide a monthly income.

However, without discounting the cost for services, the received rental only sustain expenditure for food and other necessities with nothing to save to generate wealth. At the same time, given the high levels of unemployment and population growth, the government conceded that the housing subsidy framework is a limited instrument based on constraints in government financial resources. Therefore, failure to attract necessary investment from the private sector to address the gap markets further increases the housing demand.

Encompassing the literature review and the case study on the Alexandra Township; chapter 6 represents data analysis and findings of the study. This embodies the responses, behavioural observation of the beneficiaries of government housing subsidies in comparison to a non-subsidised group using statistical matching.

CHAPTER SIX

DATA ANALYSIS AND FINDINGS OF THE STUDY

6.1 INTRODUCTION

This research is aimed to investigate and analyse the impact of the housing subsidies provided by government in terms of the housing policy. This is in realising the right to access adequate shelter by every South African citizen as enshrined in the Constitution. The study objectives, therefore, entail the following:

- To investigate the impact of the government housing subsidies in providing adequate low-cost housing;
- To explore the effect of housing subsidies in changing the socio-economic conditions of beneficiaries;
- To investigate the affordability of housing; and
- To explore an alternative to government housing subsidies.

The study is also designed, reviewed and undertaken with a view to unlock the effectiveness of the Housing Subsidy System, and what the DHS in Gauteng has done since 1995 to eliminate the weaknesses in the system.

6.2 STATISTICAL MATCHING TO CREATE COMPARISON GROUPS

To create comparison groups, the subsidised cases in terms of grouping were statistically matched with unsubsidised households that had similar characteristics, that is eligible but unsubsidised households (in Alexandra there is informal housing, which constitute these households). The goal was to choose comparison groups similar to the subsidised groups and then compare their outcomes [*Dependent variable: $Y = 1$, if participate; $Y = 0$, otherwise*].

Propensity score matching was used to select the comparison groups. That is, an indicator for the receipt of housing subsidies was regressed on a number of variables likely to predict subsidy receipt, such as income, employment, and marital status [*predicted probability (p) or log [p/ (1 – p)]*] (Austin, 2011). This logistical regression was run in a sample consisting of those receiving one type of subsidy (for example, project-based subsidies) and those not listed in either the survey or administrative data as receiving subsidies. Next, the predicted probability of receiving a subsidy (the propensity score) was calculated for each case.

$$p(x) \stackrel{\text{def}}{=} \Pr(T = 1|X = x)$$

The point here is to ascertain the probability of living in the subsidised housing and the extent to which personal conditions changes once the house has been occupied (subsidy benefit). Several of the variables related to income (such as possession of a payslip) perfectly predict the non-receipt of subsidised housing. Successes of statistical similar propensity scores - were chosen as matches for each subsidised household.

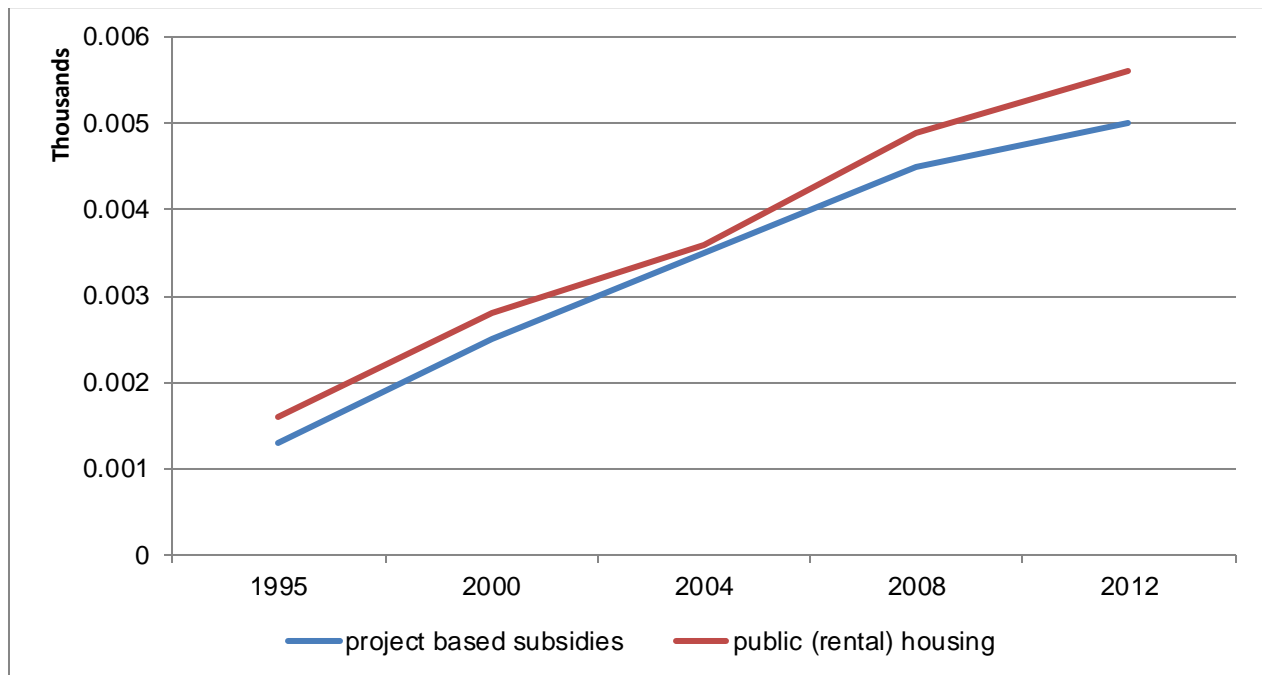
To achieve a balance and credible results in the research study, the subsidised households are compared to a sample of unsubsidised households, matched using a propensity score matching (PSM). This statistical matching technique estimates the effect of a treatment (housing subsidy receipt), government policy and funding intervention to provide housing to the poor in Alexandra in Gauteng Province. The intention is to measure the effect and benefit of receiving a government-subsidised housing compared to those that did not.

6.3 SUCCESS OF STATISTICAL MATCHING

In Evidence A1, there is no statistically significant difference between the subsidy and comparison groups. In addition, the differences are usually small as well. This lack of significant difference is not a mechanical function of the fact that these variables entered the matching function. It is possible, for example, that there are no good matches for the subsidised cases and that even those cases closest in propensity scores will still show significant differences. Overall, the results in Evidence A1, below, strongly support the success of the **statistical match. The propensity score procedure appears to have successfully produced comparison groups with characteristics similar to the subsidised groups. The matching is done with replacement; it was possible for a single comparison group member to be matched to multiple subsidy group members (Dehejia and Wahba, 1999). Fortunately, there appear to be many unsubsidised cases available as matches that are similar to the subsidised group, as also shown in Evidence A2 below.

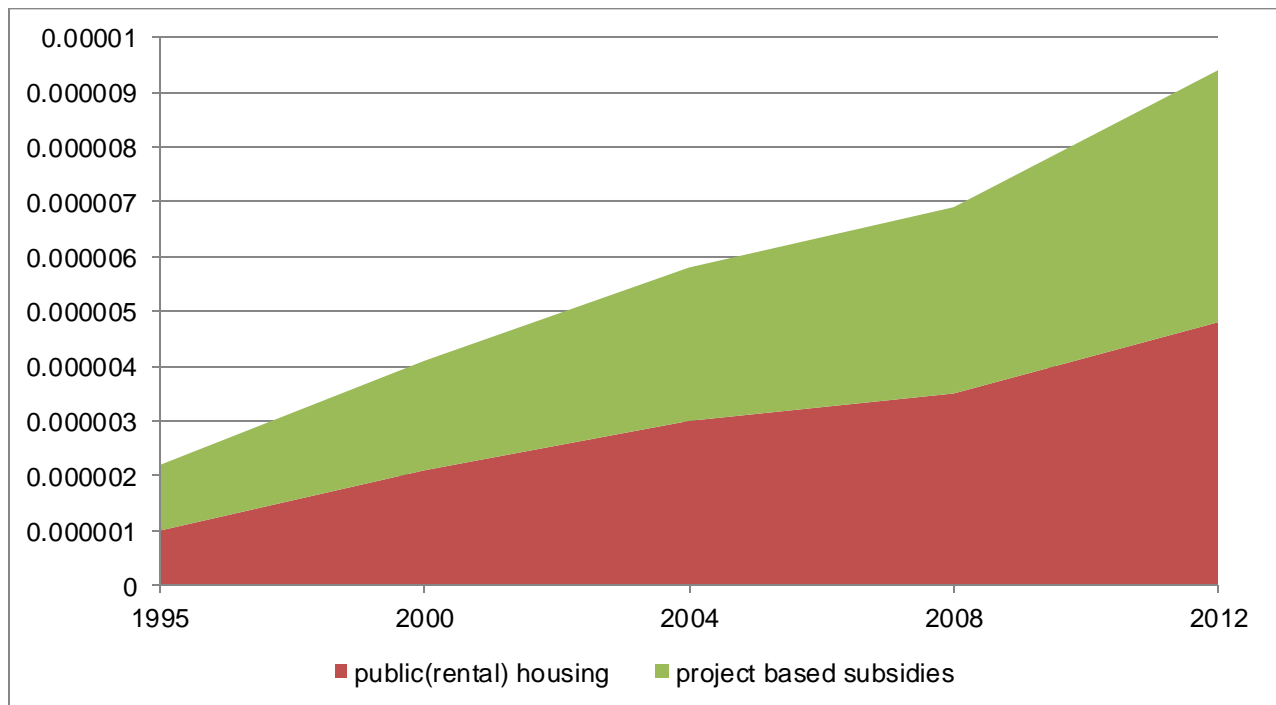
****Matching** is a statistical technique which is used to evaluate the effect of a treatment by comparing the treated and the non-treated units in an [observational study](#) or [quasi-experiment](#) (i.e. when the treatment is not randomly assigned). The goal of matching is, for every treated unit, to find one (or more) non-treated unit(s) with similar observable characteristics against whom the effect of the treatment can be assessed. By matching treated units to similar non-treated units, matching enables a comparison of outcomes among treated and non-treated units to estimate the effect of the treatment without reduced bias due to [confounding](#) (Rubin, Donald B. (1973).

Evidence A1: Comparison groups with characteristics similar to the subsidised groups.



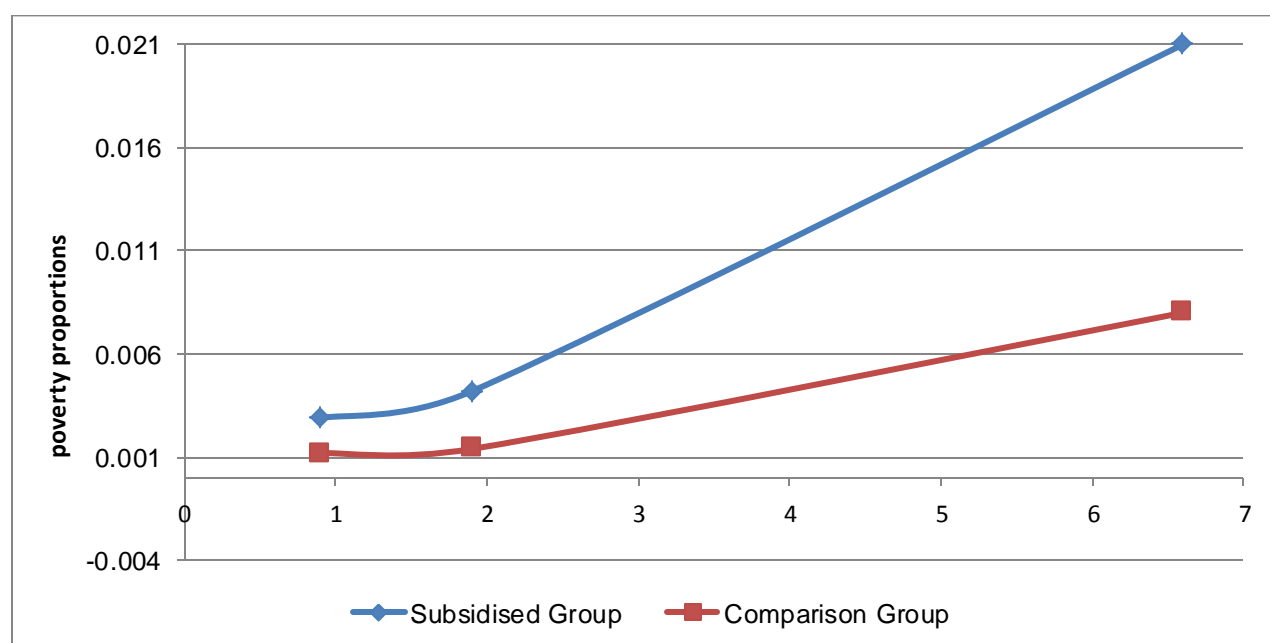
Evidence A2 below shows the propensity of the impact of housing subsidies in the Alexandra Township over a period of time; in comparison to provision of rental housing in the same area.

Evidence A2: Project based subsidies over period of time.



Evidence A3 shows selected outcomes over the comparison group and for those with public housing, non-subsidised, and project-based subsidies, respectively. Evidence A3 also shows that in the Alexandra Township, all the dependency-related outcomes (poverty, employment, disabilities) show strong positive trends. Unemployment rates rose by 8 percentage points for the comparison group and by 21 percentage points for the government-subsidised group. Similarly, poverty and the receipt of government grants remain constant for both groups. Those receiving project-based subsidies experienced a slight improvement in the standard of living, but burden by high unemployment rate.

Evidence A3: Unsubsidised group relative to a subsidised group- comparison.



O'Regan and Quigley (1999: 460) concluded that access to job opportunities does play a role in gaining employment, at least for youth, but none of the research suggests it is the primary determinant. Individual characteristics (education, job skills) and labour market conditions (unemployment, industry mix) clearly dominate. That is, the spatial mismatch literature has found that accessibility plays a relatively modest role despite the fact that this research focuses on eligible housing beneficiaries, who may be unemployed or earning very little to purchase own house (ibid).

Table 6.1 below explains the difference in earnings comparison. What is shown is that additional variables have very little effect on the householders' earnings. That is, tract poverty rates explain about half of the reduction in the number of adults per household for the non-subsidised sample but explain little for the other two groups. These differing results make sense since non-subsidised residents live in much poorer (by 8 percentage points) tracts than do others with similar individual characteristics. Table 6.1 also shows that overall, adding tract poverty rates and the number of adults in the household to the current subsidy model sharply reduces the estimated negative effects on family earnings.

Table 6.1: Standard level difference

	Subsidised Group	Comparison Group	Difference
Subsidised housing	62.4	61.2	1.2***
Public (rental) housing	36.1	25.2	10.9
Unsubsidised housing	52.3	53.1	-0.8

Notes: *** statistically significant at the 1-percent level

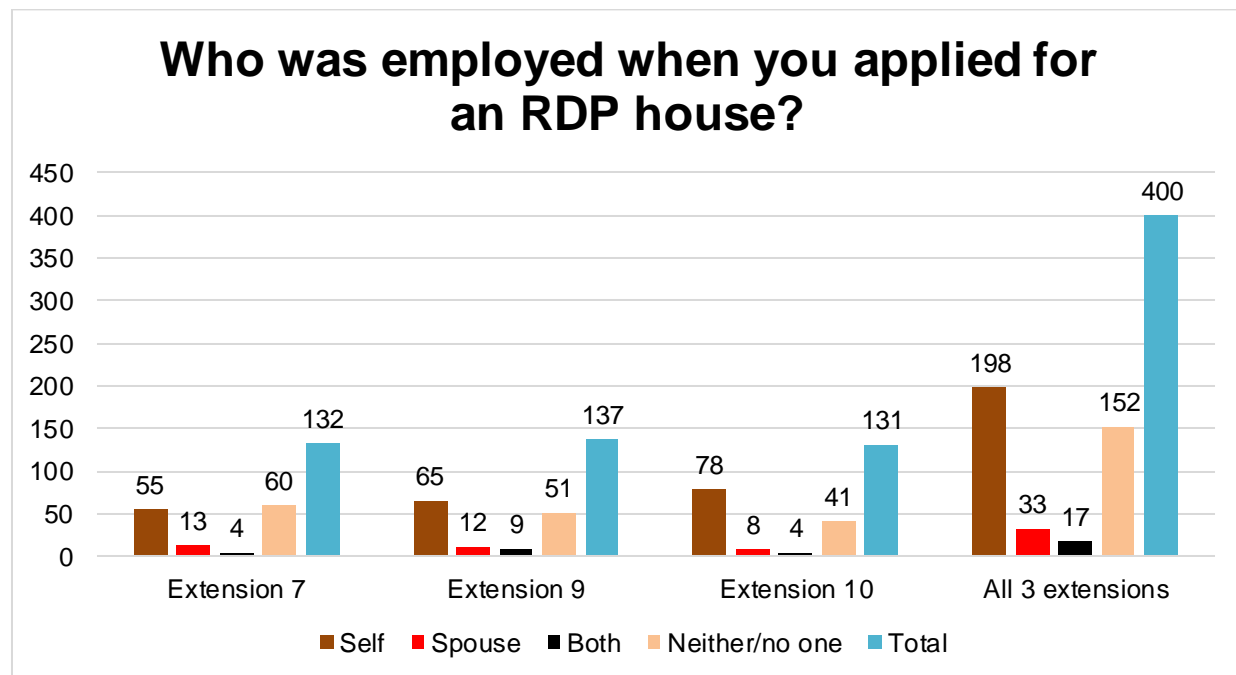
6.4 KEY RESEARCH FINDINGS

The United Nations Habitat (2009) raised a critical aspect relating to the Government's approach to addressing urbanisation and housing challenges in South Africa. The premise is that entities such as the Alexandra Renewal Project (ARP) ought to have played a pivotal role in integrated development of the whole area, thus addressing economic, social and physical challenges. This includes upgrading the living conditions and human development potential pertinent in Alexandra (United Nations Habitat, 2009).

The research study sought to investigate the impact of the government housing subsidies in providing adequate low-income housing; explore the effect of housing subsidies in changing the socio-economic conditions of beneficiaries; investigate the affordability of housing; and explore an alternative to government housing subsidies. The research findings to certain extent revealed the grey areas in terms of effective provision of housing to address the socio-economic conditions of poor people, particularly in Alexandra. One example is that the ARP did not only have a housing development initiative mandate but rather to deliver other urban renewal project aimed at the provision of sustainable and habitable human settlements targeted at social, economic, physical and institutional transformation for the delivery of integrated communities.

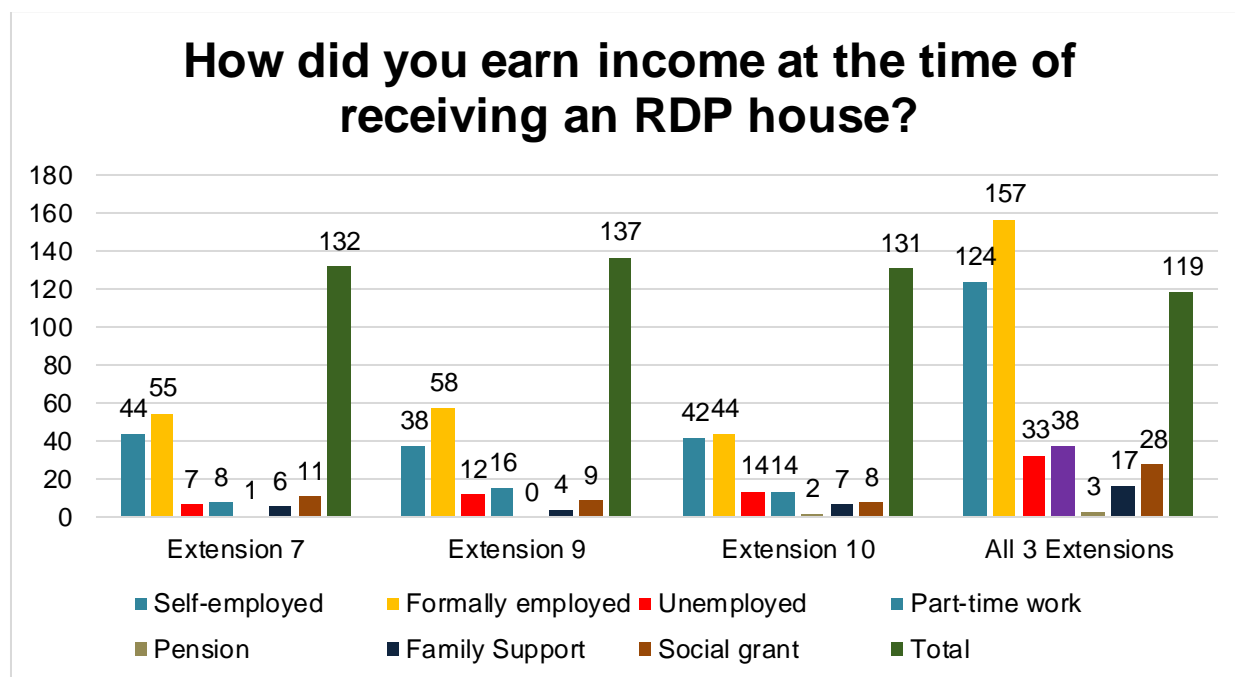
Many respondents in the study indicated **(see figure 6.1)** that they were not employed; and by implication they were depended on the government to provide shelter in a form of subsidised housing, which creates a weakness in the subsidy system in terms of sustainability over time because housing is not affordable, thus suggest that an alternative model is required, which would ensure that economic conditions are improved to create opportunities for more employment and business generation to empower ordinary people to afford decent housing in order to also improve their social status in society

Figure 6.1: Employment status on subsidy application



In Extension 7, 60 (15%) of respondents mentioned that no one was employed at the time when they applied for the RDP house while 55 (13%) respondents mentioned that they alone in a family of five house occupants were employed. Thirteen percent (3%) of the respondent's spouses were employed, where they themselves were not employed at the time of application, while in only four cases both the respondent and the spouse were employed. In all these extensions the most of the respondents were either formally employed (157 of the 400 respondents) or self-employed (124 of the 400 respondents) at the time of receiving an RDP house while 86 of the 400 received an income/monetary support from other sources (such as a social grant, pension, family support, or part-time work).

Figure 6.2: Means of income earning as RDP house recipient

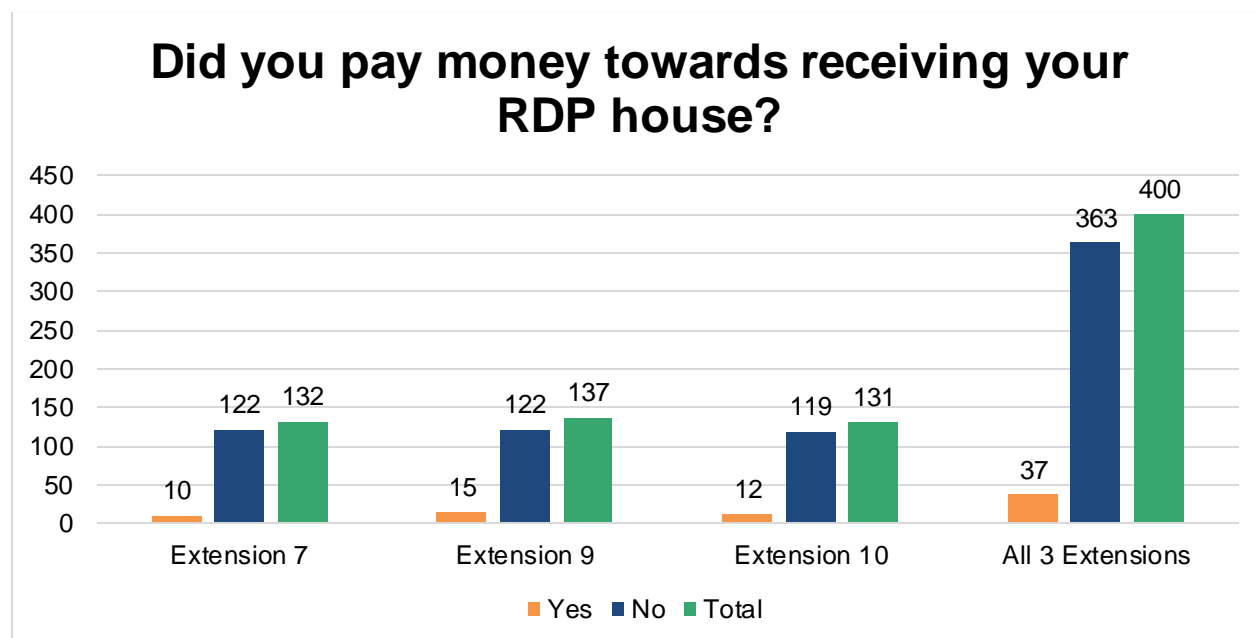


Thirty-three (8%) of the 400 respondents were unemployed and did not receive any form of income/monetary support. Unemployment seems the highest in Extension 10 and 9. In Extension 9, 51 (12%) respondents mentioned that no one was employed at the time when they applied for the RDP house while 65 (16%) respondents mentioned that they themselves were the only ones employed. Twelve (3%) of the respondent's spouses were employed while not being employed themselves, and in nine cases both were employed at the time of application. In Extension 10, 41(10%) respondents mentioned that no one was employed at the time when they applied for the RDP house, while 78 (19%) respondents mentioned that they themselves were the only ones employed. Only eight (2%) of the respondent were not employed while their spouses were employed at the time of application, and in four cases, both were employed.

The question presented in figure 6.3 was prompted by the rising potential of subsidised housing beneficiaries paying money towards individuals who promise guaranteed housing opportunities. Several cases were previously reported where members of the public have been duped into forking out 'placement fees' for registration onto the housing database, with the deal ultimately proving to be nothing more than a scam.

In terms of regulations and requirements, no payment is supposed to be made by government housing subsidy beneficiaries to access a housing unit. The procedure to become an approved beneficiary requires an applicant to earn no more than R3500 a month. Accordingly applicants apply at their nearest housing office, and they remain on the waiting list until approved for a house. Figure 6.3 shows that even though the majority of respondents did not pay money towards receiving an RDP house, there were however still 37 (9.25%) of the 400 respondents that paid money. This was not clear if it was a bribe or money paid for other reasons.

Figure 6.3: Incitement to pay money to receive RDP house



According to Lazenby (1988: 55), “housing satisfaction can be defined as the level of satisfaction with a specific house within a chosen residential, physical and social environment, as well as its specific housing attributes”. The government promised that these housing development projects will include the basic services (e.g., running water, sewerage and electricity) and amenities (e.g., schools and clinics) that are essential in any new community (Moolla, Kotze and Block, 2011).

Comparatively a research study conducted in 2008 at Braamfischerville, Gauteng, made findings that the majority of the inhabitants of these RDP houses had issues with the quality of their housing units. Complaints from the occupants varied from roofs and walls that were improperly built due to poor craftsmanship to doors that did not open or close properly. The lack of air bricks in these housing units also led to high levels of dissatisfaction because windows have to be kept open for ventilation, resulting in dust entering the houses. According to Turner (1976), the value of a house is of greater importance to a person than the appearance of the housing unit.

This is clearly evident from the results of this study (**see figure 6.4**) that most respondents (62% from all three extensions are satisfied with their RDP house. However, a sizeable number (149 which makes 37%) of respondents who still said they were not satisfied. When looking at each extension separately, Extension 10 reported to be the most satisfied with their RDP house (66%), followed by Extension 7 (64%) and then Extension 9 (58%). Although the interviewees found individual aspects of the housing units problematic, the level of dissatisfaction with the total house was lower. The size of the houses, however, was heavily criticized.

Figure 6.4: Level of satisfaction with RDP house

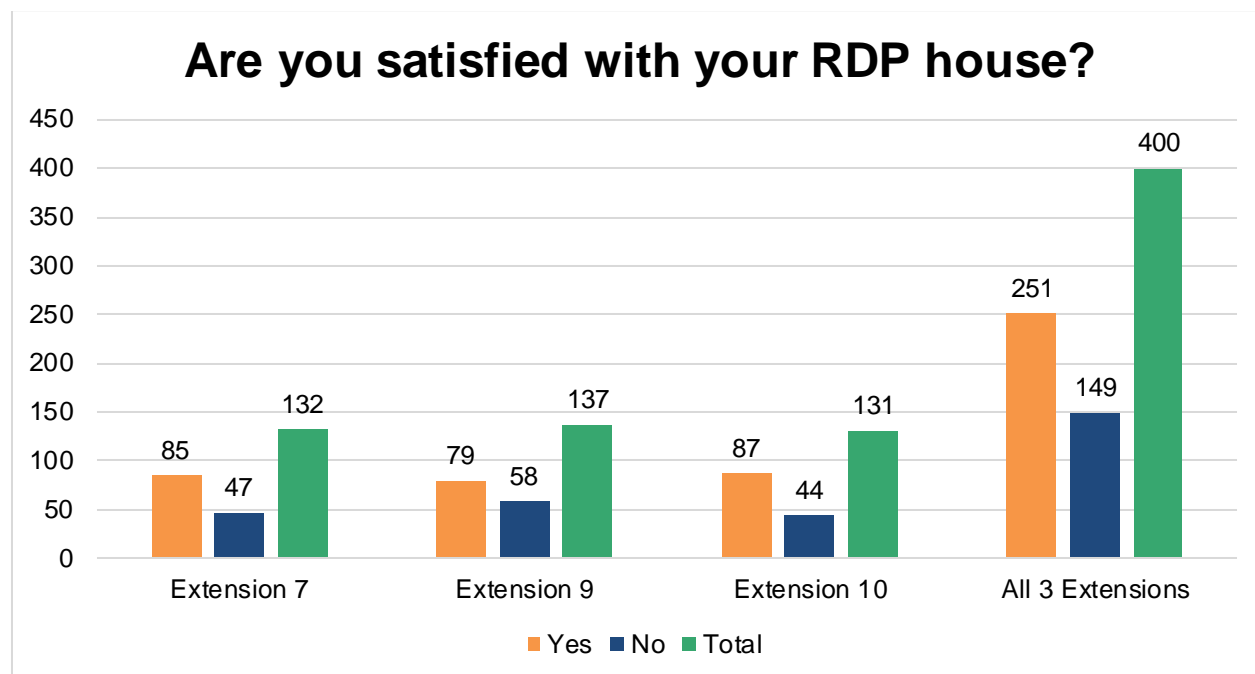


Figure 6.5: Previous dwelling

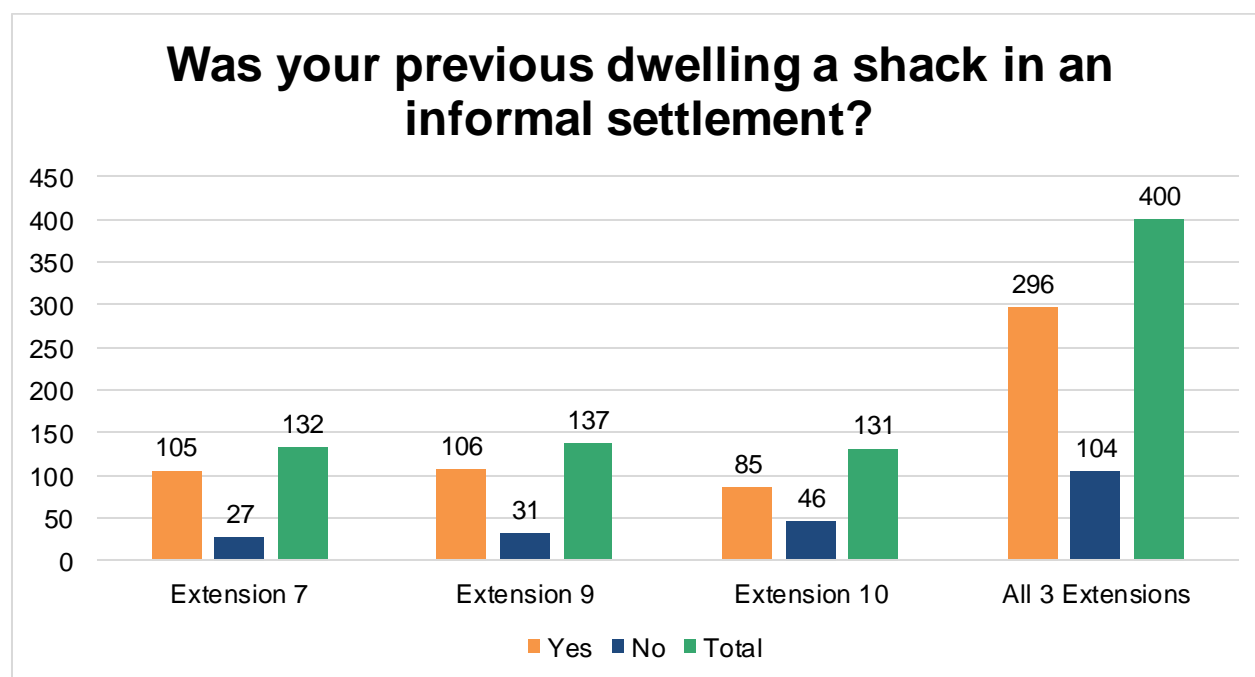


Figure 6.6: Confirmation of previous dwelling state

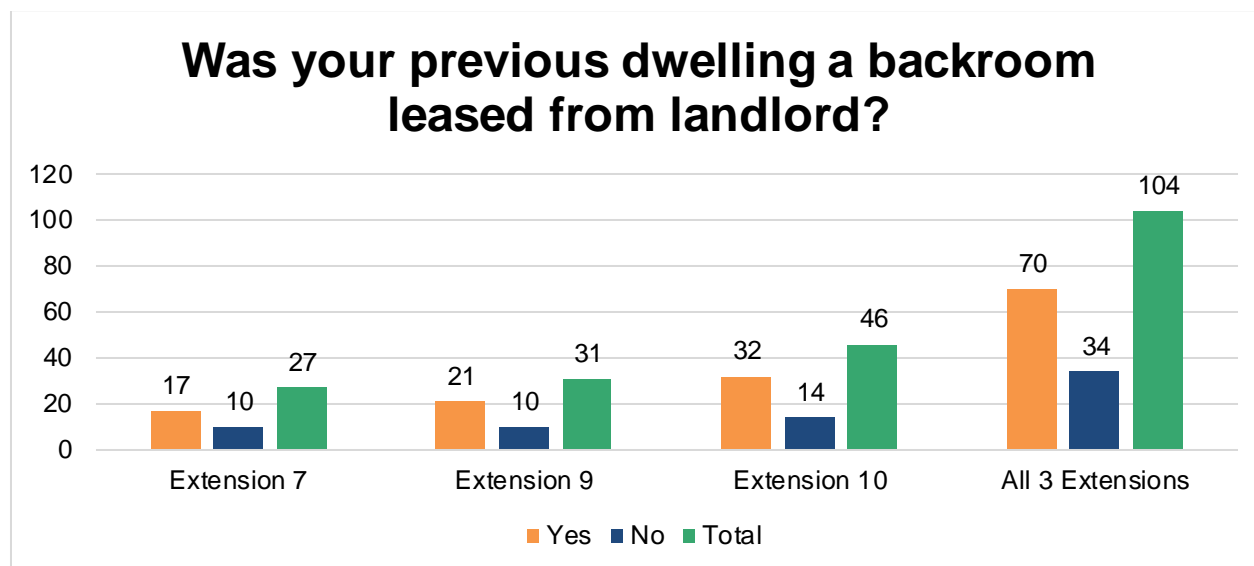
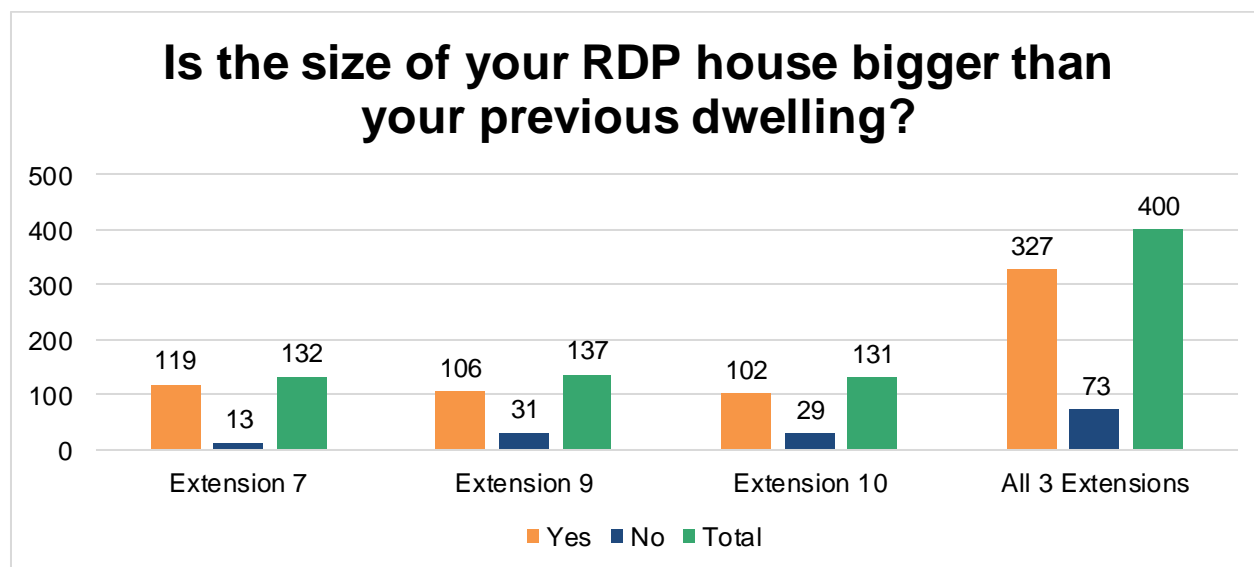


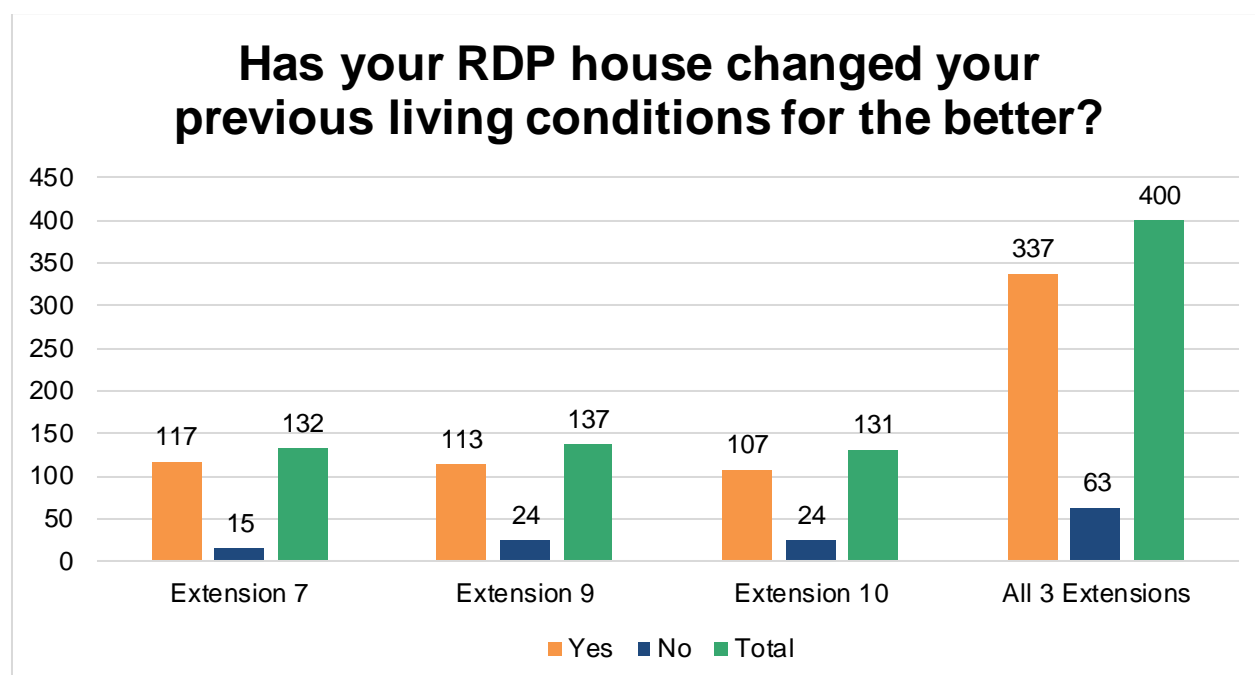
Figure 6.7: Comparison of previous dwelling and current house



Majority of the respondents (296) from all three extensions lived in a shack in an informal settlement before they received their RDP house. Seventy of the remainder 104 respondents (who mentioned that they did not live in a shack) indicated that they leased a backroom from a landlord. There were only a few respondents (34) that indicated that they neither lived in a shack nor leased a backroom from a landlord. Furthermore, 327 of the respondents from all three extensions mentioned that their RDP house is bigger than their previous dwelling. Only 73 respondents (which make 18%) said that their RDP

house is smaller. From these 73 respondents, 31 (23%) from Extension 9 claimed that their RDP house is smaller, and 29 (22%) from Extension 10 claimed that their previous dwelling was bigger. Only 13 respondents (which makes 10%) from Extension 7 mentioned that their RDP house is smaller.

Figure 6.8: Change in living conditions after benefiting a subsidised house



When asked if their living conditions improved since getting their RDP house, 337 of the respondents (84%), from all three extensions, indicated that their living conditions did indeed improve. However, 63 respondents (16%) indicated that their living conditions did not improve. Most of the respondents who mentioned that their lives did not improve came from Extension 9 and 10. About the number of people living in the RDP house, a total of 312 of the respondents indicated that there are more than three people living in the house, with 88 respondents that mentioned they are three or less living in the house.

Figure 6.9: Living arrangements in a house

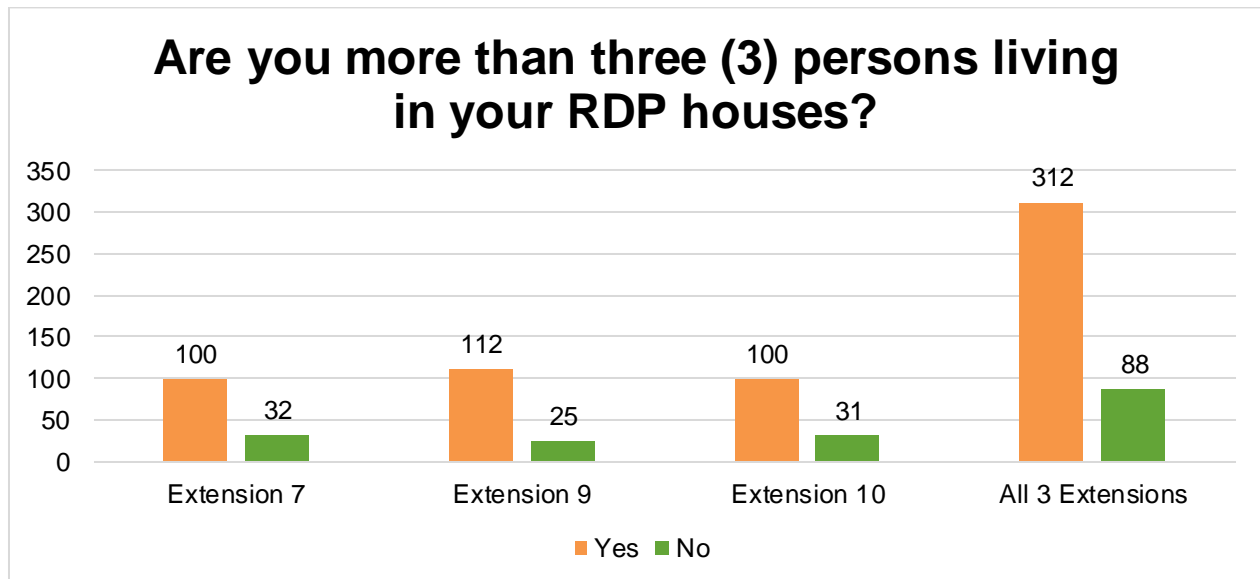
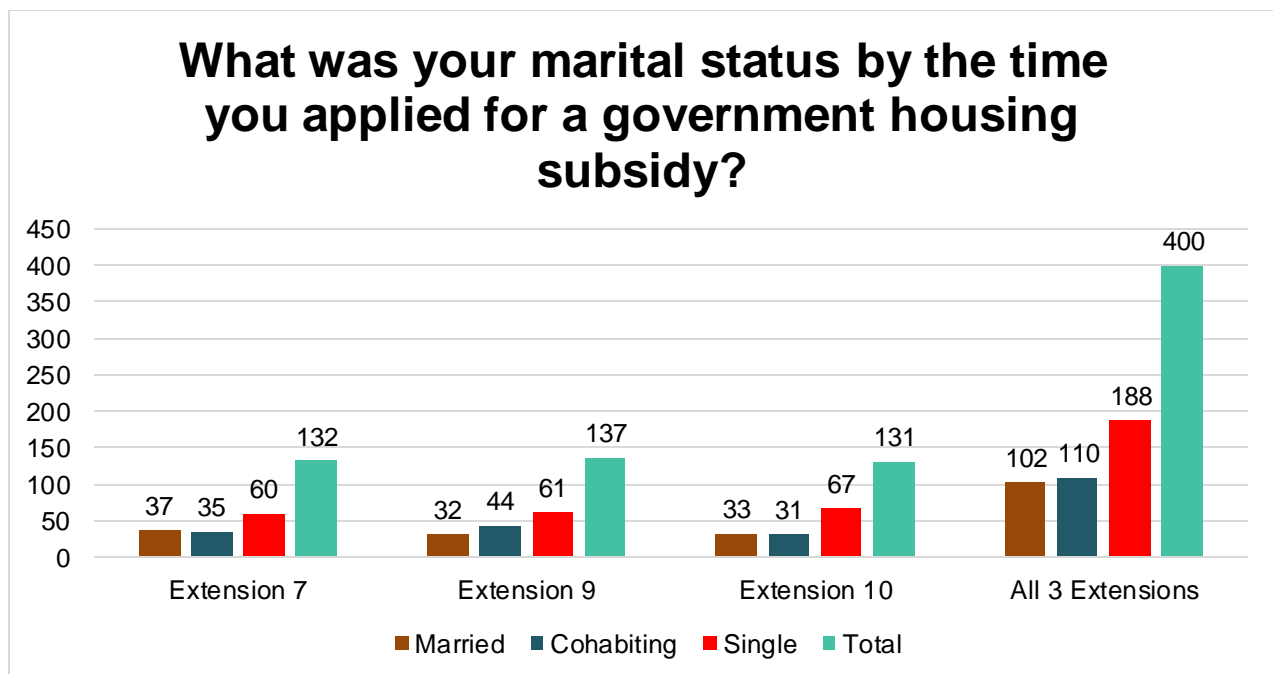


Figure 6.10: Marital status when applying for a housing subsidy



If the respondent was married at the time of application, they were asked a follow-up question to enquire if the spouse was employed when they received the RDP house. A total of 188 (47%) respondents indicated that they were single when they applied for a Government Housing Subsidy while 110 (27%) indicated they were cohabiting and 102 (25%) indicated they were married. Of the 102 participants that indicated that they were

married, 61(15%) indicated that their spouses were not employed while 41(10%) indicated that their spouses were employed. Extension 10 had the highest rates of respondents who said that their spouses were not employed when they received the RDP house.

Figure 6.11: Spouse employment status

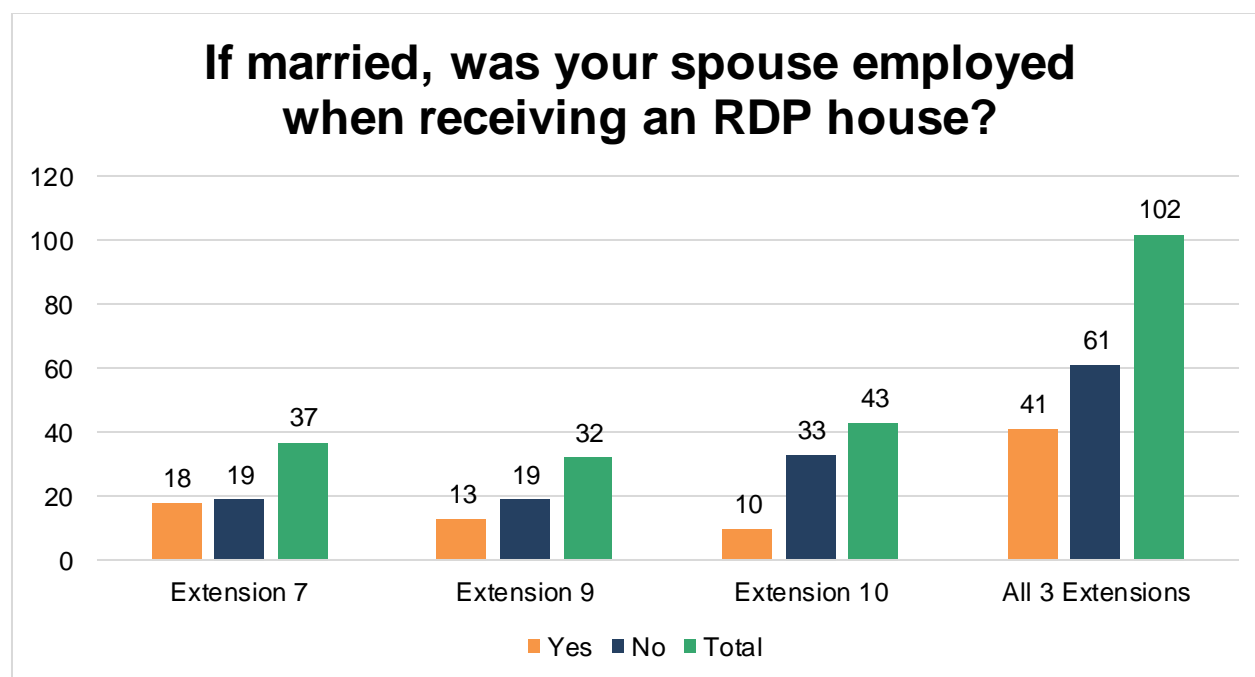
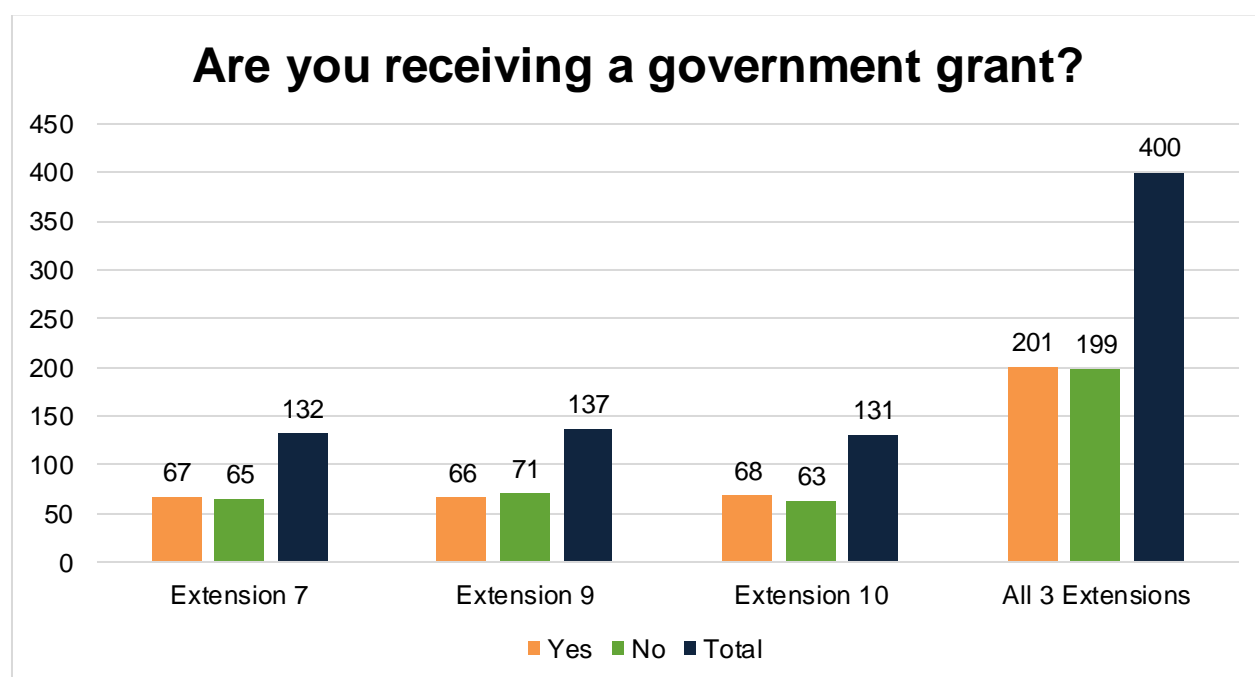


Figure 6.12: Recipient of government grant

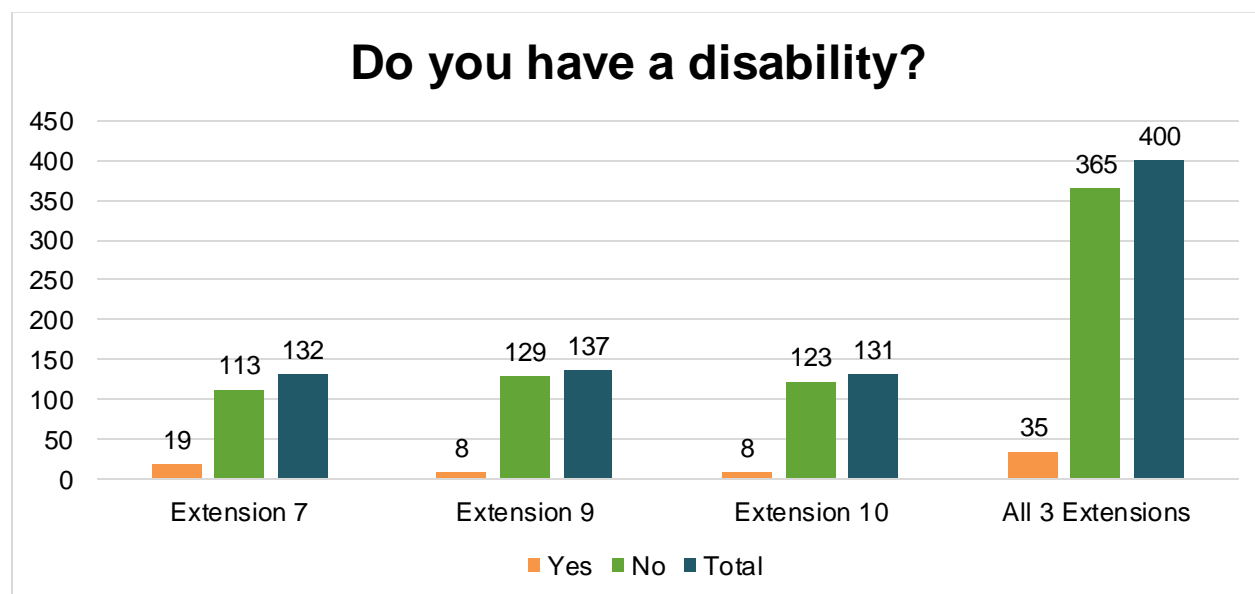


When asked if they received a government grant, almost half of the respondents indicated that they did not receive a grant while just over half indicated that they did. When looking at the different extensions, all of them show a very close split between receiving and not receiving a grant. Table 6.2 shows a percentage of people, in comparison, receiving government a government grant in Alexandra extensions 7, 9 and 10. This question as shown in figure 6.12 was to determine the number of elderly and people living with disabilities receiving a government grant to support themselves and their families.

Table 6.2: Are you receiving a government grant?

Area	Yes	No
Extension 7	51%	49%
Extension 9	48%	52%
Extension 10	52%	48%

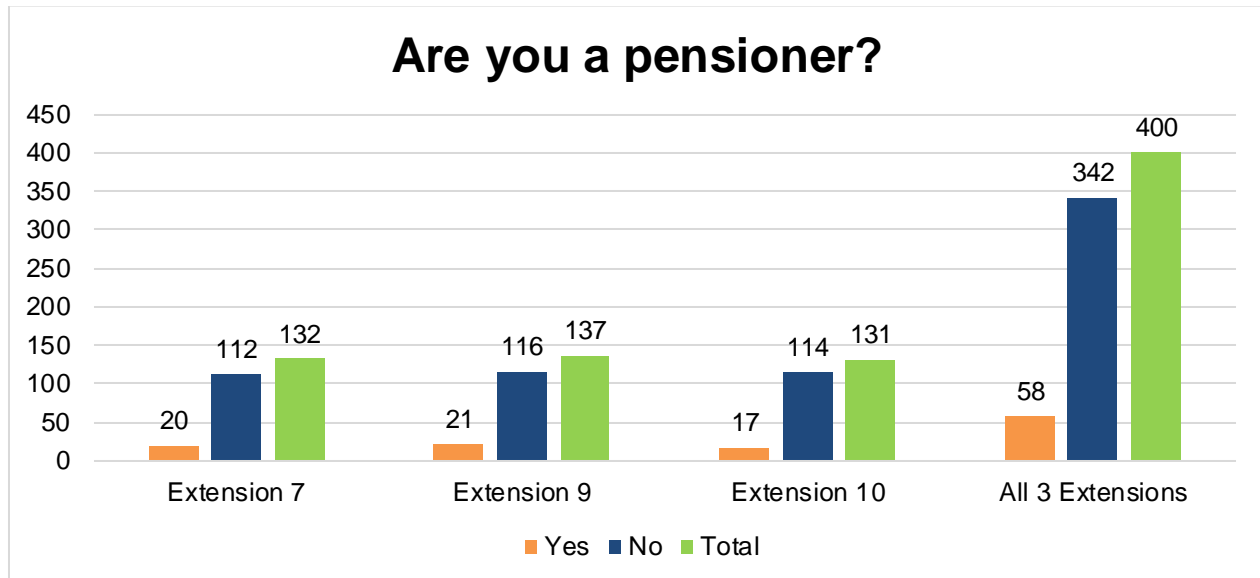
Figure 6.13: Disability status



Most of the participants indicated that they do not have a disability. However, 35 (8%) respondents mentioned that they live with disabilities. Most of the respondents that indicated that they were living with disabilities came from Extension 7, where 19 (4%)

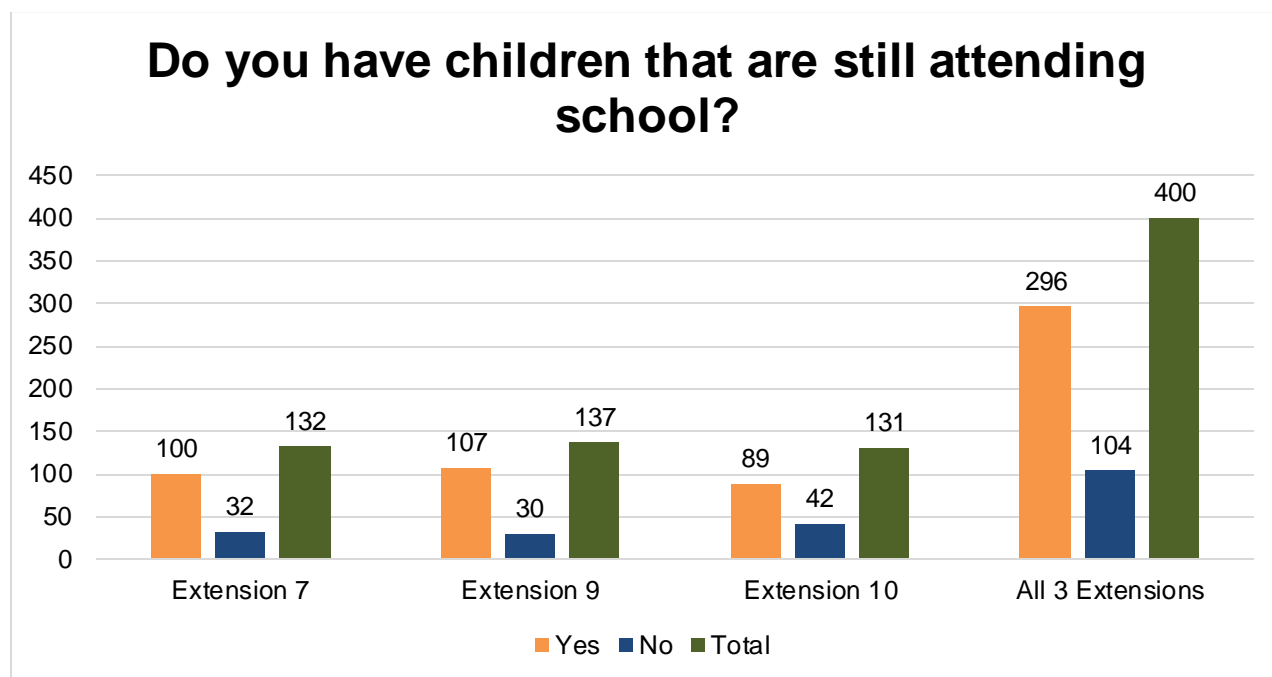
respondents were recorded. Both Extensions 9 and 10 only recorded eight incidences each.

Figure 6.14: Pensioner level status



The majority of the respondents indicated that they were not pensioners, with only 58 saying that they are a pensioner. Extension 7 recorded a total of 20(5%) pensioners, Extension 9 recorded 21(5%) pensioners, and Extension 10 recorded 17 (4%) pensioners. It is interesting to note that there are more pensioners now than there was when they received the RDP house (see Q3). When the respondents received their RDP house, only three indicated that they were on pension while now 58 indicated that they are pensioners. This may be because a few years have lapsed since they received their RDP house and the time when this study was conducted.

Figure 6.15: Children still attending school



From the total sample, 296 (74%) of the respondents indicated that they still have children that are attending school while only a 104 (26%) indicated that they do not have children attending school. From the respondents who indicated that they have children in school came from Extension 9, followed by Extension 7 that had 100 mentions and Extension 10 that only had 89 mentions.

Figure 6.16: Living with persons over 21 years old

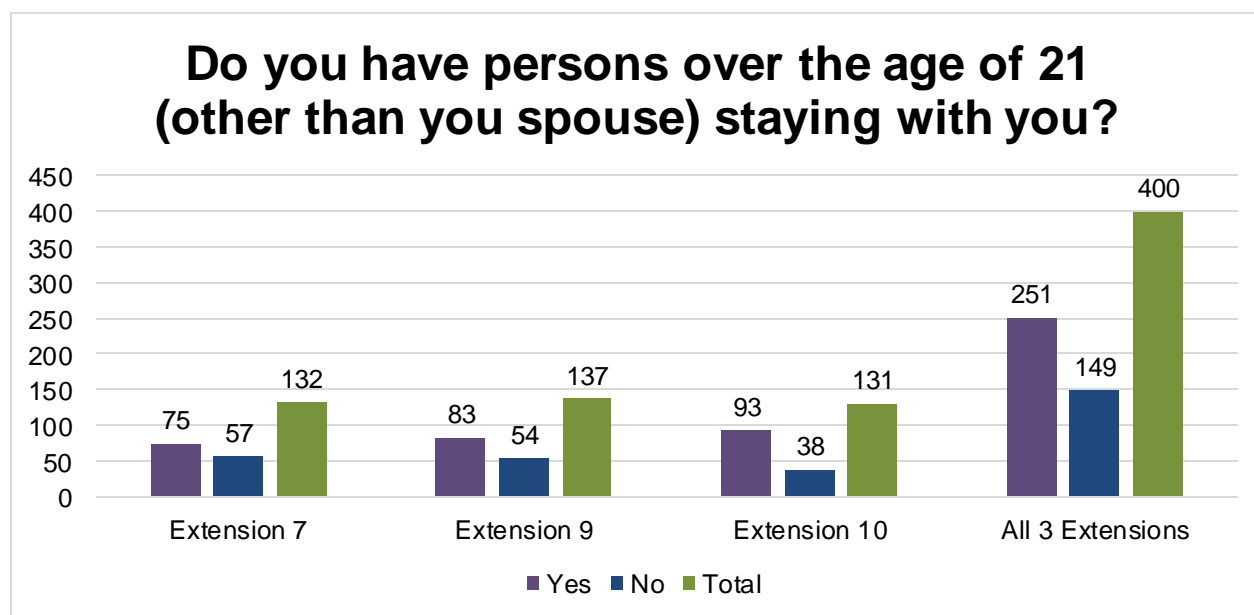


Figure 6.16 indicate that the majority of the respondents had other people over the age of 21, other than their spouse, living with them. In addition, 93 respondents from Extension 10 who indicated that they had other people over the age of 21 living with them while only 38 mentioned that they did not. In Extension 9, 83 respondents indicated that they had other people over the age of 21 living with them, while only 54 mentioned that they did not. Extension 7 had the least mentioned (75) of other people over the age of 21 living with them when compared to Extension 9 and 10. In addition, 57 of the respondents indicated that they did not have people over the age of 21 living with them.

6.5 SUMMARY

The research results overall shows that the provision of low cost housing and government subsidies is a complex phenomenon. The first aspect is the evaluation and measurement of delivery of houses to test whether everyone has access to adequate housing, especially the poor, as the right enshrined in the South African constitution.

The second aspect is the revelation that the government may have underestimated the demand for subsidised housing, particularly in Gauteng because the backlog seems to be growing each year. Lastly, the lack of participation and joint planning with communities has a negative impact in terms of achieving the acceptable level of satisfaction in the delivery of houses and improving the standard of living and quality of life. Based on these weaknesses, chapter 7 below highlights the discussion arising from the data analysis and findings of the research, based on the concepts of quality of life and human needs.

CHAPTER SEVEN

DISCUSSION

7.1 INTRODUCTION

The findings in Chapter 6 presents a clear indication that the impact of government housing subsidies is low in changing the material conditions of poor people, and in terms of improving the quality of life, including the standard of living. What is evident from the survey is that these subsidies brought about change in the social status make-up owing to the transition from a shack or backyard backroom, to a brick and mortar house with electricity and running water.

If the results, on the impact of benefiting a government subsidised house, are juxtaposed with the Maslow's theory of needs. In this case 'people need for housing'. It is clear that beneficiaries require more than a housing unit to impact on their quality of life and standard of living. One example is that some beneficiaries struggle to upkeep the dwelling because of lack of income. Others resorted to sell the unit in order to have the money to survive.

The contrast as Manitoba (2012) argues is that housing is a basic human need in the hierarchy of needs as a first important level of need similar to food and drink; therefore, it is at the centre of wellbeing. But what happens if a beneficiary does not have economic means to sustain and maintain a subsidised house? According to chapter 2 (Bill of rights) section 26 (1) of South African Constitution (1996) "everyone has the right to have access to adequate housing"; which imposes an obligation on the State to provide access to adequate housing, hence the government subsidies. The Maslow's theory of needs emphasise that everyone have the right to live in a house that meets his/her needs. Therefore, it is essential to achieve this standard through access to adequate housing.

Murray, Pauw and Holm (2005) suggests that in any view of human nature the concepts of quality of life and human needs are of key importance; and the hierarchical human needs theory that played a prominent role in certain design traditions for subsidy housing, which has led to designs of houses as physical shelters rather than homes. Therefore, to transform environments to become more human it is necessary to adopt an anthropology that is not based on a hierarchy of needs.

A receipt of a government housing subsidy brought some level of satisfaction in beneficiaries and many expressed the fact that although the 40m² provided was not adequate in terms of size, but it provides decent shelter for the family; and most importantly is the security of tenure in a form of a title deed. The other indication from the survey is that the impact of these government housing subsidies would have been higher if efficient management of the subsidy scheme was achieved. Efficient management in this instance refers to a system devoid of irregularities and manipulation, but achieving what it is intended.

This chapter focuses on the discussion based on the survey findings presented in Chapter 6. Key arguments encapsulate the contextual merits of the study outlined from Chapter 1. This leads to evaluating whether the research question is sufficiently tested, including achieving the purpose and objectives of the study.

7.2 KEY ARGUMENTS

The key arguments are underlined by the fact that housing is a key element in changing a poor person's socio-economic condition. This is on the basis that a house is inherently a tradable asset that provides a valuable platform in terms of changing ones' material conditions. An unemployed and homeless individual, for example, has no head start as far as accumulating assets that could sustain immediate generations in terms of lineage. An instrument such as a government housing subsidy seems critical in providing leverage that poor people can transform their socio-economic conditions in order to have a

productive and progressive society. The research findings in this study did not conclusively show that the socio-economic conditions of beneficiaries did change significantly after receiving a government-subsidised house. This is further discounted by the fact that many recipients did sell their units because they could not afford the upkeep of the housing unit. The findings also showed that beneficiaries lacked knowledge of how to leverage the subsidised house as a tradable asset on a sustainable basis. Furthermore, the research findings also confirmed that poverty is the key driver for the provision of government housing subsidies, which is contextualised below:

7.3 POVERTY AS KEY DRIVER FOR GOVERNMENT SUBSIDIES

The findings in this research have shown that many recipients of government-subsidised housing are unemployed. However, the research also revealed that besides respondents indicating that they are unemployed, they are able to generate some income on an informal basis. Those who indicated that they are self-employed could not indicate what business they own. This discovery could question that the State intervention on providing low cost housing may not have been based on the actual need but assumption that people earning between R0-3500 are poor and those unemployed do not have any other source of income.

Only 16% of respondents who mentioned that since receiving the 'RDP' house, their living conditions have not improved. Although this may give an impression that government housing subsidies did create a high impact in the socio-economic conditions of these respondents because 84% of housing beneficiaries gave a positive feedback that their living conditions have improved. The analysis indicates that this is not conclusive. This answers the research question to the extent that the impact is low in providing adequate housing and improving the socio-economic conditions of the housing beneficiaries. The impact is low because of various factors, which include poor management of these government subsidies; inefficiencies in the allocation system; housing backlogs, and lack of knowledge on the side of beneficiaries to leverage a subsidised house as a tradable asset that can be utilised to advance from one level to another in terms of the standard of

living. One example would be for a beneficiary to utilise the RDP unit as a basis to move to a better house over a period of time. This suggests that the value of a government-subsidised house would have appreciated, to enable the change. The finding confirms that living conditions have changed to comfortable and acceptable levels in terms of access to shelter as per section 26 (1) of the South African Constitution.

This does not prove that the economic conditions, in particular, have improved owing to the attainment of a subsidised house because it is not conclusive whether the recipients of these subsidies have used the house to leverage and improve their economic status. It is not clear again that those who sold their units end up in terms of whether they acquired a better place of abode or they went back to live in an informal settlement or renting a backyard room. A research conducted by Charlton (2013:207) observed the following regarding expected impacts:

“How beneficiaries are envisaged to use the house is linked to the expected impacts the house might have in providing a safe, comfortable, healthy, and financially sustainable place to live. Extrapolating from the indicators for assessing informal settlement upgrading (MM interview), the state expects to find, after the housing intervention, families who are healthier, less vulnerable to crime, and able to travel to work and other places. This suggests that the surrounding neighbourhood offers support to households, for example through access to schooling and health facilities and that they can connect to other places in the city. The house is intended to provide a platform for further development of the household – an improvement of their circumstances through increasing health, prosperity and education, by virtue of providing a stable, safe place to live: there is so many unintended consequence positively with owning a home, you know, it’s the security you get with it, it’s the opportunity to study further, it’s an improvement in your health, in most cases, and welfare, it’s access to water, electricity, sanitation...(QU interview).

In addition, the house should also function as an 'asset'. A provincial interviewee interpreted this as something you hold onto as it grows in value over time, including through the investments you make in it: if you want to improve it you can improve it and you can get a loan from the bank...It's supposed to be an asset, even if you die your children will stay there and their children's children will still stay there and will keep the house (NO interview)" (Charlton, 2013).

This supports the expectation that a housing subsidy through the delivery of low cost houses has to have a socio-economic impact, which impoverished families can transform their lives, in a family context, to improve the standard of living and quality of life in a holistic manner.

7.4 EFFICACY OF GOVERNMENT HOUSING SUBSIDIES

On observation, it may be very difficult to measure the efficacy of government housing subsidies because the delivery of housing units seems to be sporadic and the socio-economic conditions of people who benefited through these subsidies not all are satisfied. However, this proves that there is no direct correlation between poverty, wealth and housing, but a causal link that proper housing does bring about improvement in the quality of life and standard of living.

The research findings have shown that the government, by providing these subsidies, it would have hoped for a speedy and large quantity delivery of housing units which by implication would have created a visible developmental impact addressing the need for housing not only in Alexandra, but the entire South Africa. Nevertheless, what was not taken into account was the complexity of the process in efficiently delivering these houses in a Human Settlements methodology. The assumptions that there would be economic growth of over 3% over time, the private sector would create jobs to cater for the majority of poor people in the country and that just providing a shelter will change the material conditions of beneficiaries created a flaw in the projected Housing Subsidy System and

the housing delivery implementation plan. This is against the infrastructure planning, which is supposed to be the first step in the design of these low cost housing developments. The funding quantum regulated by government in this regard also has proven to be miscalculated in many if not all instances, owing to the fact that provincial and to a certain extent municipalities often request the Treasury for top-ups funding in order to complete these developments.

This presupposes that the housing investment in terms of subsidies is not sufficient to complete a cycle of housing delivery; and for this reason, the efficacy is questionable. To put in other words “has the government housing subsidy scheme produced the intended results in a holistic manner; and looking at the scale of the housing delivery, satisfaction outcomes and expectations from prospective beneficiaries”? The answer is No.

7.5 SUMMARY

The research findings in this study have highlighted fundamental flaws in the provision of government housing subsidies. Although the intention by the government/state is noble in addressing the socio-economic inequalities, the approach and the execution of these policies leave more room for improvement. Section 26 (1) of the RSA Constitution (1996) clearly postulates that “everyone has the right to have access to adequate housing”, adequate being the operative word. This suggests that any policy, programme or system that is intended to achieve this outcome must be efficient without casting doubt as far as irregularities or maladministration are concerned.

The research findings have further revealed that the provision of low cost housing through government housing subsidies is not necessarily an effective instrument; which suggests that other ways needed to be explored to provide solutions that would completely satisfy South African citizens, in general, who need proper housing. Chapter 8 focuses on the conclusions made in this study and recommendations in terms of exploring alternatives to government housing subsidies and further research considerations to enhance the current HSS.

CHAPTER EIGHT

CONCLUSIONS AND RECOMMENDATIONS

8.1 INTRODUCTION

Chapters 6 and 7 extensively presented and gave analysis of the research findings of this study. The purpose of this chapter is to provide conclusions on these findings, including a determination on whether the research question is adequately answered; and if the objectives of this study are achieved. Furthermore, this chapter advances recommendations on the alternative to government housing subsidies and exploring other solutions based on further research to enhance or improve the current HSS.

The primary research question culminated to asking, “What impact has government housing subsidies have in providing housing to the poor in Alexandra - Gauteng?” The research findings revealed that the government housing subsidies has low impact on the basis that it does not fundamentally address the socio-economic inequalities. Respondents expressed happiness with having a shelter for the family as compared to living in a shack or backyard room. On the contrary, they expressed dissatisfaction with the size of the unit and that most were unemployed; which made it difficult to sustain their families. Let alone maintain the housing unit. The qualification as Charlton (2013) observed is that in terms of expected impacts:

“How beneficiaries are envisaged to use the house is linked to the expected impacts the house might have in providing a safe, comfortable, healthy, and financially sustainable place to live”.

The low impact is informed by various factors, which include poor management of these government subsidies; inefficiencies in the allocation system; housing backlogs, and lack of knowledge on the side of beneficiaries to leverage a subsidised house as a tradable asset that can be utilised to advance from one level to another in terms of the standard of living.

An improved standard of living implies that there has to be a prospect of generating an income through rental and converting a subsidised house into a valuable asset that can be traded in future, should beneficiaries decide to upgrade. At the same time, improving the quality of life, which means that there, has to be a satisfaction by government-subsidised housing beneficiaries that their well-being has improved in terms of having access to basic services such as shelter, water and sanitation. As a matter of qualifications, not all these requirements were satisfied in this study, as findings shown.

This includes sustainable development, which is development that improves the total quality of life, both now and in the future. The test is that there has to be measures of social and economic well-being, including: (a) equity, (b) employment status, (c) income, (d) economic activity, and (e) education. To further elaborate the point above, the study further sought to achieve the following objectives:

- To investigate the impact of the government housing subsidies in providing adequate low cost housing;
- To explore the effect of housing subsidies in changing the socio-economic conditions of beneficiaries;
- To investigate the affordability of housing; and
- To analyse the funding mechanisms that assist with the delivery of housing.

The investigation through a literature study in Chapter 2 clearly showed that there is a huge housing backlog, particularly in Gauteng Province. This suggests that the government is not coping with the provision of adequate housing as envisaged in section 26(1) of the Constitution. This discounts the intended impact of government housing subsidies in changing the socio-economic conditions of beneficiaries, in this case, poor people. The implications are that there is a risk that government may not eradicate the housing backlog as the demand increases annually; and that the HSS sustainability is under the spotlight because of depleting financial resources and other administrative challenges, such as weaknesses in the HSS.

8.2 PERCEPTIONS: HOUSING BENEFICIARIES IN THE ALEXANDRA TOWNSHIP

The general indication in this research is that government would have better delivered the subsidised housing product if the provision was on the basis of need rather than assumptions of what is needed, particularly by the poor. Some participants responding to the size of the house commented that it would have been better if the government had used the subsidies to provide only serviced stands for beneficiaries to build their own 'desired' house. This would have saved more money for the State to spend on other priorities, such as transportation and building schools.

There is merit to this argument on the basis that housing delivery backlog would have been better managed and had high impact if the drive was to provide serviced stands without building the actual top structure. The conflicting arguments about the shortage of land to build houses in Gauteng and size of these houses designed for beneficiaries brought to the surface the planning weakness, in that there is little or no consultation with the community in terms of the need. In Alexandra Township, there are classic examples of unoccupied block of flats where intended recipients thought they were subsidised 'giveaway' (RDP) units but only to be told that they are a rental stock. This reflects the reality of expectations by communities who are targeted recipients of these subsidised housing developments.

8.3 AFFORDABILITY AND SUSTAINABILITY OF GOVERNMENT HOUSING SUBSIDIES

The analysis of data in this study has shown that the levels of poverty in South Africa, and specifically Alexandra are high and the government in the long-term will not sustain these housing subsidies; and cannot afford to perpetuate dependency. On the contrary, the same poor people cannot afford the high cost of housing, which creates a dilemma in terms government intervention.

Rosen (2005:379) maintains that housing subsidies can be rationalised in terms of redistribution goals; meaning that by providing subsidised housing for the poor, a more egalitarian income distribution can perhaps be achieved. It is further pointed out in this context that if the government's sole objective is redistribution, and the recipients' preference are paramount, then using cash to redistribute income is more efficient than a subsidy (ibid).

A contrasting argument, as pointed out in Niskanen (1971), in an attempt to evaluate the impact of government housing subsidies, is that the existence of low-income housing subsidies is political. In addition, the main efficiency argument for subsidising housing is the existence of externalities in that a subsidy tends to help not only the beneficiary, but also the producers of the favoured commodity, that is, building industry.

The fundamental problem as argued by Khan and Ambert (2003) is that the subsidy amount is not keeping pace with inflation and still remains according to and to a certain extent as the real value of the new maximum subsidy amount. The research results and literature have confirmed that the government housing subsidies are not sustainable unless the State allocates more than 60% of the fiscus resources to achieve total delivery of low cost housing in terms of the Human Settlements methodology.

8.4 ALTERNATIVE TO GOVERNMENT HOUSING SUBSIDIES

The basis of government housing subsidies was the promise or intention by the State to meet the following specific objectives:

- Accelerating the delivery of housing as a key strategy for poverty alleviation;
- Utilising the provision of housing as a major job creation strategy;
- Ensuring that land and housing can be accessed by all as an asset for wealth creation and empowerment;
- Leveraging growth in the economy;
- Combating crime, promoting social cohesion and improving the quality of life for the poor; and
- Using housing delivery as an instrument for the development of sustainable human settlements, in support of spatial restructuring (National Housing Policy and Subsidy Programmes, 2010).

The research findings have indicated that there is perpetual dependency on government support, which does not suggest that beneficiaries are empowered by utilising the house as an asset to generate wealth. The NDP also highlighted that providing housing should help beneficiaries to earn an income. However, there is a lack of clear policy on home-based income generation; and that State-provided houses are not being integrated into the property market because there is a delay in registration and issuing of title deeds, and households are not allowed to sell their subsidised houses for eight years after receiving it (NDP, 2011).

This is a basis to explore an alternative to government housing subsidies in order to refocus on achieving the government-intended objectives above. The alternative as this study revealed lies in the structural change in internal systems and prudent management of these subsidies as effective instruments to effect timed and impactful contribution in the development of infrastructure and beneficiaries in a community context.

The government has a plethora of policies and programmes dealing with the disbursement of public resources, including the distribution and use of government subsidies. However, the fallacy (on the argument of effectiveness and efficiencies) lies in the human element, where implementation is a weakness. The improvement and efficacy of these policies and programmes is dependent on government authorities and officials in a manner that would ensure that government business is conducted to achieve intended purposes in terms of outputs and outcomes in the quest to improve socio-economic conditions of citizens.

The government should rather modify the subsidy scheme by focusing more in utilising them to empower beneficiaries in taking initiatives and responsibility to build their own houses. In other words, the subsidies can be used to provide necessary infrastructure and only a serviced stand, not a top structure is handed over to a beneficiary. This will streamline government processes in the management and effective utilisation of public funds to achieve intended objectives.

8.5 RECOMMENDATIONS FOR FURTHER IMPROVEMENT

The Africa Institute of South Africa (2002:298) postulates that the mobilisation of people in development is central to the public participation process. This is to ensure the empowerment of communities to effectively involve themselves in creating the structures and in designing policies and programmes that serve the interests of all as well as to effectively contribute to the development process and share equitably in its benefits. It is further pointed out that in order to strengthen participatory processes and patterns of development a renewed focus needs to be directed to the concept of democratic development, people's solidarity, creativity and self-reliance and to formulate policy recommendation for national governments. The Africa Institute of South Africa (2002:295) also highlighted that public participation is hindered by the past economic crisis, which cannot be overcome unless the structures, pattern and political context of the process of socio-economic development are appropriately altered.

In the context of creating an impact with government housing subsidies, and sustaining the funding thereof, an enabling environment is necessary. The Africa Institute of South Africa (2002:296) argues that involving the public brings about self-reliance for beneficiaries to take responsibility for their own development and to create the environment in which they can become owners of the development process, also increasing the legitimacy of the process. To elaborate this argument, Roodt (2001:466) maintains that the provision of housing and development in a broader framework cannot prevail without public participation. This is echoed in the Manila Declaration on People's Participation and Sustainable Development, which took place in 1989:

Public participation is an essential part of human growth that is the development of self-confidence, pride, initiative, responsibility, cooperation. Without such development within the people themselves all efforts to alleviate their poverty will be immensely more difficult, if not impossible. This process, whereby people learn to take charge of their own lives and solve their own problems is the essence of development (Burkey, 1993).

As correctly observed, the Department of Environment Affairs and Tourism (DEAT) (2002:14) affirms that equitable stakeholder engagement depends largely on selecting the right combination of approaches and techniques for a particular process; which applies to the notion of providing housing from a socio-economic point of view. The NDP 2030 vision recommends that the government of the day needs to urgently review the existing grant and subsidy regime for housing with a view to ensuring diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility. Moreover, the government should ensure that State funding does not support the further provision of non-strategic housing investments in poorly located areas (NDP, 2011). The analogy is that prioritising development in inner cities and in other areas of economic opportunity such as around transport hubs and corridors ensures that housing provision supports livelihood production and job creation.

The recommendations support the findings of the research underlying the following pointers made:

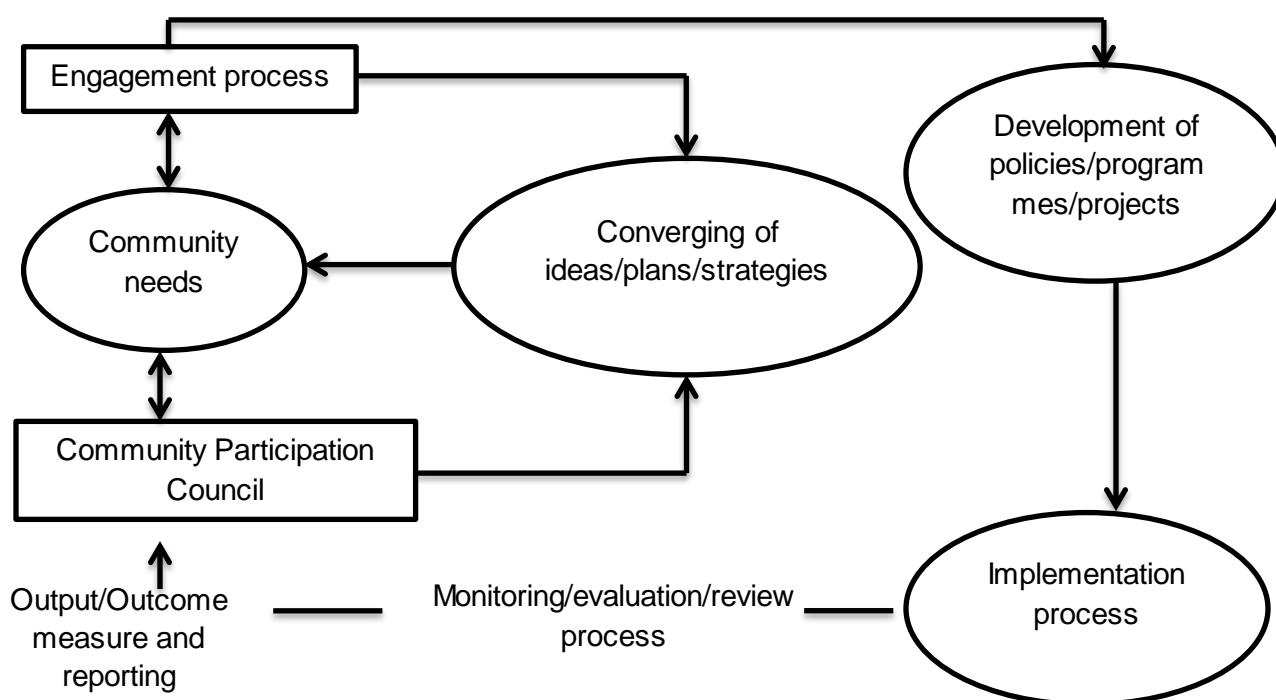
- The State needs to progressively shift support from only providing top structures to investing in public space and public infrastructure.
- Leveraging private-sector funding into providing increased levels of finance to the lower end of the market and ensure that the investment is also directed to well-located areas.
- Ensuring that private housing developments are incentivised to include a proportion of affordable housing.
- Supporting the growth of housing delivery in the gap market by addressing affordability constraints and reducing the cost of products so that they are made more affordable (NDP, 2011).

It is recommended that Community Participation Activism (CPA), which is a systematic platform to ensure that communities are encouraged through local councils to get involved in the planning, execution and evaluation of government programmes or projects. This includes any other activity designed to benefit the people. The principle of community or public participation is an ancient concept, but the difference is the application. In most instances, communities are just consulted on programmes and projects planned for them by government, without engagement in interrogating their needs and taking final decisions on what projects are acceptable.

CPA implies that individual members of the community are to be empowered in all forms, including education in order to have the right and authority to influence the direction and execution of a programme or project rather than merely be consulted thereof. Therefore, this becomes an active process, as Haq (2008) puts it. Figure 8.1 below shows the need and imperative of community participation. This study has provided a significant indication that recipients of government services yearn to be included in decision-making processes in order to resume ownership of the outcomes. This suggests that given an opportunity, members of the public when empowered, may contribute valuably in building sustainable

communities, especially in a developmental context. In light of the above, the following recommendations are made:

Figure 8.1: Community Participation Activism (CPA)



Schematization by the researcher, 2017

8.5.1 Redefining Existing Declining Towns in Gauteng

The exigency of malls in townships and suburbs in Gauteng, to be specific, has led to the decline of towns, which by design, the buildings, have more potential to expand upward. Most of these towns, if not all, are located near industries of which many are still operational; and those which are closed can be reopened in exploring future job creation activities. The proximity in this regard is crucial, given the lack of suitable and strategic land to build more housing. These towns can be redefined by creating compact cities, where housing would constitute 60% of development. A compact city will consist of high rise 'mix' buildings with all elements for human settlement. The success of this recommended idea is based on the assumption that South Africa in years beyond 2018 will achieve favourable economic growth to stimulate job creation and private investment in housing demand.

This support the notion that government should gradually shift its role from a direct housing provider to a housing facilitator, ensuring adequate shelter and greater access to a wider choice of housing options and creating a viable platform for a private sector to contribute in the housing delivery. The existing infrastructure in towns can be leveraged to commit further investment in public transport, other socio-economic infrastructure, including quality public spaces and jobs.

8.5.2 Eliminate Inefficiencies in Government Administration

Without generalising, the research findings have hinted that the administration, including management control of government housing subsidies is inefficient, resulting in low impact created in changing the socio-economic conditions. The honesty to acknowledge that structural changes are necessary to improve efficiencies in this regard is imperative to transformation, in terms of sustainability. One example, to demonstrate this point, is slow decision-making in approving projects and other related matters, which has caused many financial losses in government spending.

8.5.3 Strengthen the Enforcement of Local Planning

Strengthening the enforcement of local planning refers to empowering local communities, including municipalities to plan and drive infrastructure development in terms of addressing housing demand and other public needs. The current arrangements, for example, where the national DHS determines the quantum of housing subsidies, and provincial governments having authority over the dispensing and spending of housing subsidies limit the role of municipalities can play in the total planning of development at the local level. The accreditation to local authorities should extend the powers to conduct planning from inception to completion, including control of funding instruments. This will ensure holistic and integrated development, and encouraging meaningful community participation.

8.5.4 Creating Viable Partnerships with the Private Sector, NGO's and Communities

Even though private service providers deliver project-based subsidised housing, this does not constitute a meaningful partnership between the government and the private sector. It is actually a transaction driven by profit. The basis of this recommendation is that governments all over the world, as argued by Mahanga (2002) have played a major role in the provision of shelter to their citizens, but because of the rapid population and urbanisation growth, governments are now overwhelmed.

In order to overcome these challenges, especially, reducing the housing backlog and building decent houses, the South African government must formulate a viable strategy where people themselves are directly involved in the provision of their own housing, with minimum subsidies from the central government. Mahanga (2002) points out that the last two decades have shown that the public sector does not have the capacity, both in terms institutional and financial resources, to provide housing on a scale commensurate with demand. Shelter Afrique (1995) further highlights that the failure to cope with demand is amply illustrated by the rapidly expanding informal settlements, which presently make well

over a half of the population in African cities. Creating viable partnerships with communities, private sector and NGOs to provide housing, where people directly take ownership of the process, using private sector financial support, would enable the government to focus on policy and institutional frameworks that should make this arrangement possible.

8.5.5 Create a Social Housing Building Trust – Fund (SHBT)

The government has created multiple funding mechanisms in an effort to close the gap in the provision of social housing; but this approach has resulted in fragmentation and duplication of services. The basis of creating a Social Housing Building Trust-Fund is to curtail the need for government to pump money in the delivery of housing, but reversing the roles by encouraging the investment by the private sector to deliver low-cost housing. The contributions made into the SHBT are controlled and disbursed through a trust mechanism. This must be done by clearly defining the role of the private sector and the value-add in assuming leadership in this regard. The government can encourage this type of investment by providing attractive incentives to the private sector, such as tax relief.

The Trust should be an independent body, whose primary role would be to facilitate the acquisition of land for housing development purposes and managing the granting of any subsidy (building) vouchers to beneficiaries wishing to build their own houses. This would be done in an open platform-transparently. The Trust Board is accountable to the private funders and community at large. This approach will ensure that the central government eradicates the need to provide directly housing subsidies, but transfer this role to a private sector driven vehicle to accelerate housing delivery at every level to meet the growing demand, especially in Gauteng.

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ANNEXURE 'A'

UNIVERSITY OF SOUTH AFRICA
DEPARTMENT OF PUBLIC ADMINISTRATION AND MANAGEMENT

FIELD OF STUDY

DOCTOR OF ADMINISTRATION
YEAR: 2017

QUESTIONNAIRE FOR RESEARCH TITLE

**The Impact of Government Housing Subsidies
in Alexandra-Gauteng: 1995-2012**

PERSONAL DETAILS

SURNAME: MOKGWATSANA
NAMES: EDWIN NTWAMPE
STUDENT NUMBER: 7685041

CONTACT DETAILS

TELEPHONE NUMBER: 011 970 2218
CELL NUMBER: 082 464 9637

E-MAIL ADDRESSES
MOKGWATSANAE@YMAIL.COM

SUPERVISOR

PROF. P KHUMALO.
CO-SUPERVISOR DR. M REDDY

I am a University of South Africa (UNISA) student in the Department of Public Administration and Management and study towards a Doctor of Administration. I am required to submit a thesis in partial fulfillment of the degree. The research is conducted under the supervision of Professor Prudence Khumalo from the Department of Public Administration and Management, University of South Africa.

My research interest is to analyse and address the impact of the housing subsidies provided by the government in terms of the housing policy in realizing the right to access adequate housing by every South African citizen. The study objectives entail the following:

- To investigate the impact of the government housing subsidies in providing adequate low cost housing;
- To explore the effect of housing subsidies in changing the economic and social conditions of beneficiaries;
- To investigate the affordability of housing; and
- To analyse the funding mechanisms that assist with the delivery of housing.

This study has been designed, reviewed and undertaken with a view to unlock the effectiveness of the Housing Subsidy System, and what the Department of Human Settlements in Gauteng has done since 1995 to eliminate the weaknesses in the system. The study has great potential to provide an alternative model to the Housing Subsidy System and funding.

With regard to ethical issues guiding the study, the researcher pledges strict adherence to ethical conduct as it applies to academic research projects in higher educational institutions in South Africa. It means:

- The participation is anonymous and respondents are not required to disclose their identity;
- The information collected from the respondents will be used for the research purpose only;
- Respondents have the right to participate and withdraw their participation in the study at any time.

GUIDELINES TO PARTICIPANTS

This research is aimed at investigating the impact of government housing subsidies.

There is no **RIGHT** or **WRONG** answers and your honest, anonymous opinion will be appreciated. We are **NOT** asking about anything that you or your family have done—we merely are seeking your **PERSONAL PERCEPTION**

- Please read the statements carefully before indicating your choice in the appropriate block.
- Please indicate only **ONE** choice per statement by marking the relevant box with an **X**.
- After completion of the questionnaire, please hand over the questionnaire to the interviewer/researcher.

YOUR PARTICIPATION IS IMPORTANT- THANK YOU.

STAND NUMBER: _____

TOWNSHIP/AREA: _____

CELL NO. _____

NAME OF INTERVIEWER: _____

Please **TICK** with an **X** in an appropriate box.

Q.1 Are you an owner of an RDP house through a government subsidy?

Yes ☐

No ☐

Q.2 Who was employed when you applied for an RDP house?

Self ☐

spouse ☐

both ☐

Q.3 How did you earn income before and when receiving an RDP house?

Self-employed ☐

formally employed ☐

Q.4 Did you pay money towards receiving your RDP house?

Yes ☐

No ☐

Q.5 Are you satisfied with your RDP house?

Yes ☐

No. ☐

Q.6 Was your previous dwelling a shack in **an informal settlement**?

Yes ☐

No. ☐

Or

Q.7 Was your previous dwelling a backroom leased from landlord?

Yes ☐

No. ☐

Q.8 Is the size of your RDP house bigger than your previous dwelling?

Yes ☐

No. ☐

Q.9 Has your RDP house changed your previous living conditions for better?

Yes ☐

No. ☐

Q.10 Are you more than three (3) persons living in your RDP house?

Yes ☐

No. ☐

Q.11 What status did you apply for a housing government subsidy?

Married ☐

cohabiting ☐

single ☐

Q.12 If married, was your spouse employed when receiving an RDP house?

Yes ☐

No. ☐

Q.13 Are you receiving a government grant?

Yes ☐

No. ☐

Q.14 Do you have a disability?

Yes ☐

No. ☐

Q.15 Are you a pensioner?

Yes ☐

No. ☐

Q.16 Do you have children that are still attending school?

Yes ☐

No. ☐

Q.17 Do you have persons over the age of 21 (other than your spouse) staying with you?

Yes ☐

No. ☐

ANNEXURE 'B'



DEPARTMENT: PUBLIC ADMINISTRATION AND MANAGEMENT RESEARCH ETHICS REVIEW COMMITTEE

Date: 7 November 2016

Ref #: PAM/2016/032 (Mokgwatsana)
Name of applicant: Mr E Mokgwatsana
Student #: 7685041

Dear Mr Mokgwatsana

Decision: Ethics Clearance Approval

Name: Mr E Mokgwatsana, mokgwatsanae@gmail.com, tel: 0824649637

[Supervisor: Prof P Khumalo, 012 429-3779, khumap1@unisa.ac.za]

Research project: The impact of government housing subsidies in Alexandra Gauteng: 1995-2012

Thank you for the application for **research ethics clearance** by the Department: Public Administration and Management: Research Ethics Review Committee for the above mentioned research. Final approval is granted for the duration of the project.

The decision will be tabled at the next College RERC meeting for notification/ratification.

For full approval: The application was **expedited and reviewed** in compliance with the Unisa Policy on Research Ethics by the RERC on 7 November 2016. The proposed research may now commence with the proviso that:

- 1) The researcher will ensure that the research project adheres to the values and principles expressed in the Unisa Policy on Research Ethics.
- 2) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to this Ethics Review Committee. An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants.
- 3) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

Kind regards


Prof Mike van Heerden
Chairperson:
Research Ethics Review Committee
vheerm@unisa.ac.za


Prof MT Mogale
Executive Dean: CEMS



UNISA
Private Bag 2746, Midrand 2010, South Africa
Tel: 011 712 2111, Fax: 011 712 2112
Email: unisa@unisa.ac.za, info@unisa.ac.za
Website: www.unisa.ac.za

ANNEXURE 'C'



GAUTENG PROVINCE
HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

Date: 31 March 2016

Mr. Edwin Ntwampe Mokgwatsana
21 Besembos Avenue
Ext.5 Kempton Park
1619


Dear Mr. Mokgwatsana

Request to conduct research in the Alexandra Township-Gauteng

Your request to conduct research in Alexandra –Gauteng for the purposes of your studies has been approved by the Gauteng department of Human Settlements.

It would be appreciated that the key outcome of the study could be shared with the department in order to contribute to the body of knowledge and improvement of service delivery in the province.

Yours sincerely


.....
HEAD OF DEPARTMENT
DEPARTMENT OF HUMAN SETTLEMENTS
DATE: 31/3/2016

Open Rubric

Tel: +27 11 255 6000 | Fax: +27 11 255 6211 | Web: www.humansettlements.gov.za
37 Sauer Street, Marshalltown, Johannesburg, 2001 | Private Bag X78, Marshalltown, 2107
www.gautengonline.gov.za | Email: info@ga.gov.za


26/5

ANNEXURE 'D'



24 Friedman Drive, Sandton 2146, South Africa, PO Box 100, Sandton 2146, South Africa 011 582 1598 Tel +27 11 582 1598 Fax +27 11 582 1696

5 June 2015

Edwin Mokgwatsana
21 Besembos Avenue
Ext. 5 Kempton Park
1619

Dear Mr Mokgwatsana

Request to Conduct survey Research at Alexandra Township for Educational Purposes

Your letter dated 21 May 2015 has reference.

Permission is hereby granted to Mr Edwin Mokgwatsana to undertake research in Alexandra for the purpose to obtain his doctoral degree.

The ARP would appreciate it if the outcome of his research could be shared with us as it will assist in improving the work that is done in Alexandra.

Yours sincerely

CJ Letter
Acting Director : ARP

26/5

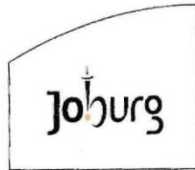


GAUTENG PROVINCE
REPUBLIC OF SOUTH AFRICA



Open Rubric

ANNEXURE 'E'



a world class african city

City of Johannesburg
Housing Department

City of Johannesburg Housing
11th Floor, 222 Smit Street
Braamfontein
2017

P.O. Box 1049
Braamfontein

Tel: +27(0)11 018 6749
Fax: +27(0) 11 018 6748
www.joburg.org.za

TO : Edwin Mokgwatsana
PhD Candidate: University of South Africa

FROM : Patrick Phophi
Acting Executive Director: Housing Department

DATE : March 30, 2016

SUBJECT : PERMISSION TO CONDUCT SURVEY

The above matter refers.

Please find herewith the letter from the City of Johannesburg Housing Department, granting permission to Edwin Mokgwatsana, a PhD candidate at the University of South Africa, College of Economic and Management Sciences to conducting a survey of Alexandra Ext 7, 9 and 10 new development for academic purpose.

Kind regards

Patrick Phophi
Acting Executive Director
City of Johannesburg Housing

Tel: +27 (11) 018-6749
Fax: +27 (11) 018-6748
Email: phophip@joburg.org.za

ANNEXURE 'F'

EDITING AND PROOFREADING CERTIFICATE

7542 Galangal Street

Lotus Gardens

Pretoria

0008

20 July 2018

TO WHOM IT MAY CONCERN

This certificate serves to confirm that I have edited and proofread Mr EN Mokgwatšana's thesis entitled, **"THE IMPACT OF GOVERNMENT HOUSING SUBSIDIES IN ALEXANDRA-GAUTENG: 1995-2012."**

I found the work easy and intriguing to read. Much of my editing basically dealt with obstructionist technical aspects of language, which could have otherwise compromised smooth reading as well as the sense of the information being conveyed. I hope that the work will be found to be of an acceptable standard. I am a member of Professional Editors' Guild.

Hereunder are my particulars:

Jack Chokwe

Jack Chokwe (Mr)

Contact numbers: 072 214 5489

jackchokwe@gmail.com

Professional
EDITORS
Guild



